41st Annual Report on American Industry

JANUARY 9, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

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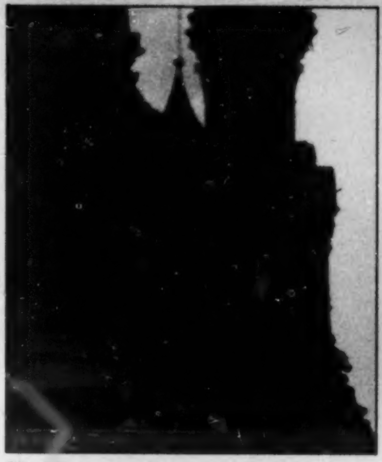

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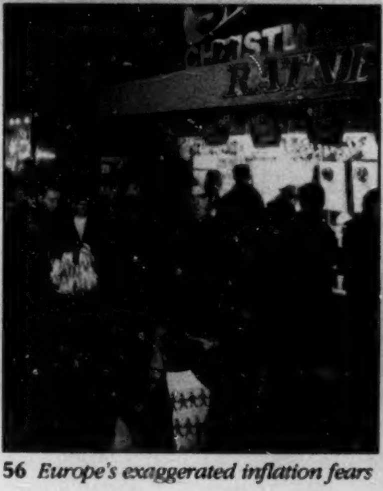

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Readers Say

Candor

Sir: Re your article on Fieldcrest Cannon, "Thank you, Mr. Ely" *(Dec. 12, 1988)*. We are not surprised that a publication such as Forbes would stoop to maliciously spreading the truth as it did in that article. Keep up the good work.

—Paul F. Settlemyer
Kannapolis, N.C.

School

Sir: Bravo for your insightful comments on Catholic schools *(Fact and Comment, Dec. 12, 1988)*! As a product of nine years of such education, with no choice in the matter, I thought the discipline was God's way of getting back at me for my youthful imprudence. But, in my middle age, I'm convinced that it was perhaps the most profound decision my parents ever made.

—Ray McCool
Madison, Wis.

Sir: You have done all of independent education a service. All too often corporations and foundations politely decline funding requests because they "do not support secondary institutions" or "do not support religious-affiliated schools." Nevertheless, we will continue to approach corporations and foundations because we know that, eventually, your message will be heard.

—George Winzenburg, S.J.
President,
Marquette University High School
Milwaukee, Wis.

Sir: When a non-Catholic observer with your background and experience urges that the business community support inner-city parochial schools, you provide those who are attempting to raise the necessary funds with vastly increased credibility.

—John J. Nevin
Chairman of the Board,
Firestone Tire & Rubber
Chicago, Ill.

Sir: The mere fact that the students in Catholic schools come from families that care enough about their children to make a financial sacrifice gives them a tremendous advantage. The dropout rate seems to be a pretty simplistic way to evaluate a school system. How many Catholic schools provide breakfast for students that come to school hungry? How many are required to educate any student that shows up on their doorstep?

—Richard T. Russell
Kalamazoo, Mich.

Sir: Where do you suppose children who can't succeed in Catholic schools transfer?

—Carl E. Scheetz
Superintendent,
Hamilton Township Public Schools
Mays Landing, N.J.

Petrodollars

Sir: Your Dec. 12, 1988 Fact and Comment II points out the fallacy of the linkage between the weak dollar, the large budget and trade deficits. Actually there is a linkage. Not the one you so correctly refute, but rather just the opposite.

Much of the world's commerce and international indebtedness is denominated in dollars.

Two items alone—the drop in the price of oil and the reduction of the federal budget deficit since 1985—demand some $180 billion fewer a year. Of course there are offsets like new foreign investment in the U.S., but they don't seem to add up to a couple of hundred billion dollars annually. And yet, there are all those dollars around looking for something to do. The effort to balance our budgets and any further decrease in the price of oil will only lower the value of the dollar.

Isn't it rather curious that the international value of the dollar, the size of the budget deficit and the price of oil all peaked within a few months of each other back in 1985?

—R. Thomas Sour
New York, N.Y.

Fractional rule

Sir: I take exception to your portrayal of the pension rule known as the "fractional rule" ("Look before you leave," *Nov. 14, 1988*). Assume that Jane Doe's pension plan provides for 1% of compensation per year of service, payable at age 65, and that Jane starts at age 25 and quits at age 40 when she is making $100,000. If Jane's plan permits unlimited pension accruals, Jane will not have her $15,000-per-year retirement benefit knocked down to $5,625. In contrast, if Jane's plan were to permit only a total of 20 years of credited service, Jane will have a problem with the fractional rule. Her 20 years (15 earned, plus 5 projected) are multiplied by the $^{15}/_{40}$ fraction to give her 7.5% of compensation for her 15 years, or $7,500 per year.

—John J. McGowan Jr.
Cleveland, Ohio.

Wrong year

Sir: Forbes' table of "200 Best Small Companies" *(Nov. 14, 1988)* contained a significant error relative to the 1988 estimated earnings per share of LIN Broadcasting Corp. The correct number would have been about $1.50 for analysts' average estimates, up from our 1987 actual of $0.99. Perhaps you mistakenly reflected analysts' 1989 estimates in the table.

—Michael Plouf
Vice President-Corporate Development and Treasurer,
LIN Broadcasting Corp.
New York, N.Y.

Our column head should have read 1989 earnings estimate, not 1988 earnings estimate.—Ed.

S&L Woes

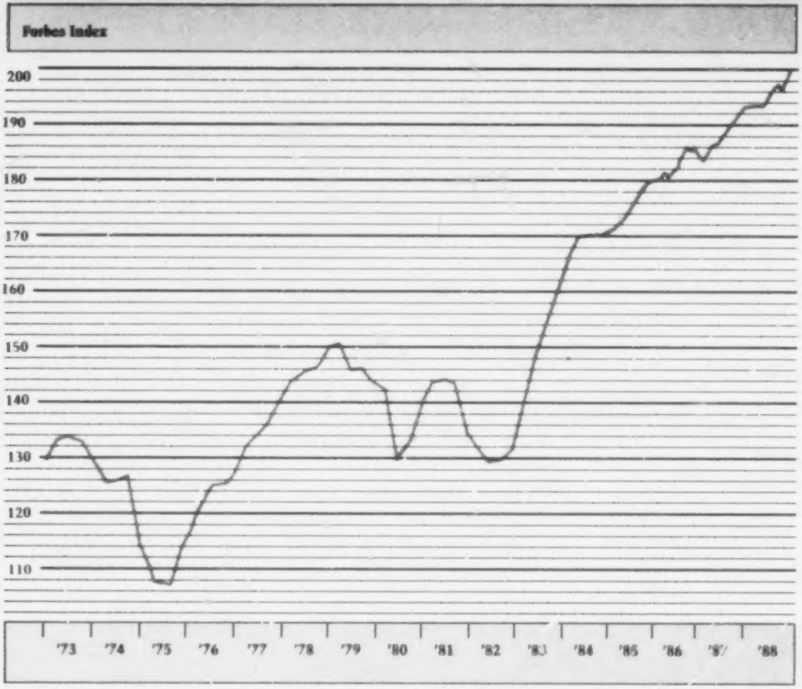
Sir: Your plea "Has no one the brain, guts to blow the whistle on S&Ls" *(Fact and Comment, Nov. 28, 1988)* will go unheeded unless the violators are given jail terms and heavy fines. When a bank or S&L is operated by the guidelines, and the directors adhere to the guidelines, no bank or S&L should experience problems.

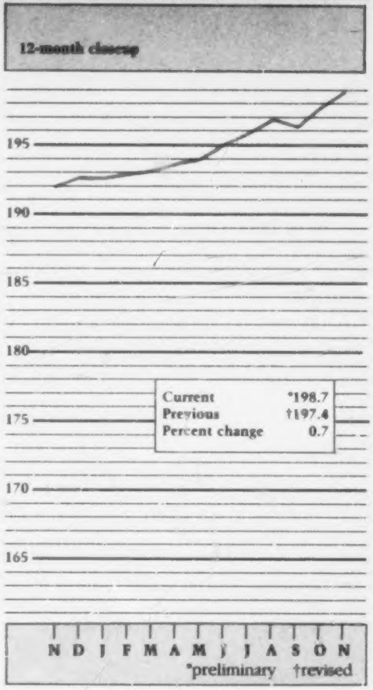
—Anthony V. Miscavige Jr.
Mount Carmel, Pa.

Sir: I am an FSLIC-appointed director of a failed "Management Consignment Program" institution. The negative tangible net worth (without the Alice in Wonderland accounting) has to be made up by the FSLIC/U.S. government before investors are willing to put up the rescue capital. I don't see the "multiple scoundrels." I see institutions that are insolvent and no one is coming up with the cash.

—Albert E. Riley
Palatine, Ill.

The Forbes Index





Current	*198.7
Previous	†197.4
Percent change	0.7

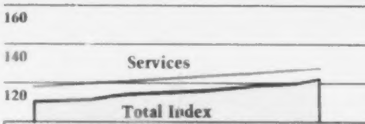
*preliminary †revised

Crash? What crash? After a dull third quarter, retail sales jumped 1.6% in October and 1.1% in November. In the weeks following the Oct. 19, 1987 market crash, people curtailed their spending. The sales tally of $138 billion for this past November is 9.6% higher than it was in the previous year. If the recent buying spree extends to the last few days of the holiday shopping season, fourth-quarter retail sales will show a marked improvement over 1987 levels. One problem: Consumers are taking on more debt. Consumer installment credit expanded by 0.5% in October, to a record $657 billion, even though interest rates have increased and interest payments now have a less favorable tax treatment. Industrial production rose 0.4% in November, the 14th consecutive monthly gain.

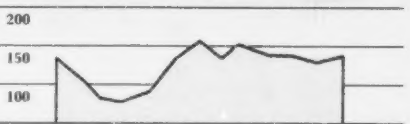
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

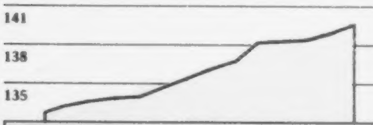
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



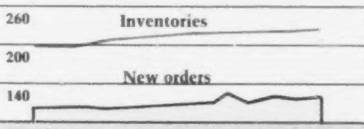
Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)



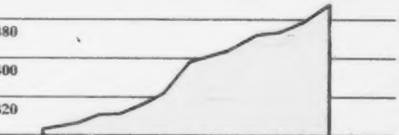
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



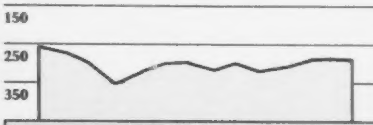
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



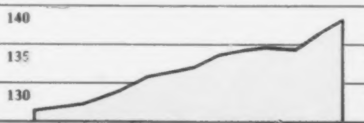
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



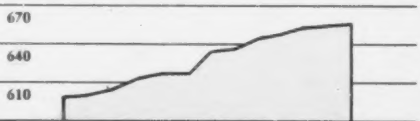
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Only yesterday oil companies were unloading refineries and gas stations. Now that's what everybody wants to have.

Fill 'er up

By Howard Rudnitsky

Powerful cars are in demand again, and people are driving more. Consequently, U.S. gasoline demand is now running around 7.3 million barrels a day, up from 6.7 million in 1984. Against that demand, there is only 6.9 million barrels a day of domestic gasoline production. Demand is growing by over 100,000 barrels a day. "There's little question," says Alan Gaines, energy analyst and president of New York's Gaines, Berland Inc., "that the U.S. oil industry has shifted from excess refining capacity to a shortage."

If there is an oil glut, it is at the crude oil level; no longer must gas stations slash prices to move product.

Talk about a reversal of fortunes. A few years ago oilmen were selling refining and marketing assets at distress prices. As recently as 1987, a refinery sold for about $950 per daily barrel of capacity. Look at refinery prices now. This fall Mobil purchased Tenneco's 175,000-barrel-a-day Gulf Coast refinery for $560 million—about $3,300 per barrel. Marathon Petroleum in November bought the 50,000-barrel-a-day Rock Island refinery in Indianapolis for about $4,000 a barrel. Foreign producing countries are offering even higher prices for U.S. refineries, not just for economic reasons *(see box, below)*.

With prices way up, are buyers overpaying? Oppenheimer & Co. energy analyst William Hyler doesn't think so: "While oil refining will never be as profitable as petrochemicals, still I think oil refining today is where the petrochemicals business was about two years ago—taking off." Hyler predicts, "Improved refining and marketing margins are likely to continue for some time, even though there will always be some short-term volatility in refining."

The situation is made to order for refiners. Compared with a few years ago, crude oil prices, their raw material, are weak, while prices for refined products have been steady.

Refining and marketing companies aren't the only winners in this turnaround. Also getting a lift are the big integrated oil companies short on oil reserves but long on gas stations and refineries *(see table, p. 66)*.

Amoco quadrupled its refining/marketing profits in the first nine months of 1988, to $630 million. In the U.S. market, Exxon lost $50 million in refining/marketing in the first nine months of 1987 but made $414 million in the first nine months of 1988. Texaco converted a $63 million loss on refining and marketing in the first three quarters of 1987 into a $402 million profit in 1988's first nine months. Ashland Oil's refining/marketing profits spurted from $26 million in 1987 to $230 million last year.

Anyone today with a retail gasoline network owns a valuable franchise. High-volume, 24-hour gasoline service stations are cash machines, some of them earning returns as high as 35% on investment. By adding convenience food stores to station locations, the marketers greatly increase their profit potential.

Aside from the major oil companies, Diamond Shamrock in Texas and Marathon Oil, Total Petroleum and Ashland Oil in the South and Midwest are among the most efficient regional marketers. At Ashland Oil,

Quota fudging?

Refineries in the U.S. process 15 million barrels of oil per day, almost half of it gasoline. Of that total, foreigners now own under 10%, but they seem keen to acquire more.

Although not all refineries are the same, it's clear that prices are rising rapidly. In September 1986, for example, the Venezuelans acquired 50% of Southland's Citgo refinery and marketing operations for about $290 million, or some $1,400 per daily barrel of capacity. In September 1988 Union Pacific Resources agreed to sell its 100,000-barrel-a-day Wilmington, Calif. refinery to Great Britain's Ultramar Plc. for $440 million, or over $4,000 per barrel. The Venezuelans are now negotiating to buy half of Unocal's 150,000-barrel-a-day Chicago refinery (and over 100 gas stations) for an estimated $535 million, or $5,800 per daily barrel.

The Saudis, too, have been active. Texaco recently sold the Saudis a 50% interest in its eastern and Gulf Coast refining and marketing operations, with refining capacity of over 600,000 barrels a day, for $1.8 billion, or well over $4,000 a barrel. Another Saudi refinery deal is reportedly in the works.

What has been behind the upsurge in deals? More than foreign producers' strivings for assured markets for their plentiful crude and for a piece of refining and marketing profits. Some OPEC countries also saw investing in a refinery as a way around some of OPEC's crude oil export production quotas. By owning even a part of a foreign refinery, an OPEC country could find ways to ship oil for that refinery's operation that might not have been counted in the country's quota.

As a result of the recent OPEC agreement in Vienna, C.J. Lawrence/Morgan Grenfell's energy strategist Charles Maxwell contends, that sort of quota fudging will be ruled out as of Jan. 1, 1989.

Even if that ban holds, expect more refinery deals. The money to be made downstream, plus the desire for assured markets, are strong enough reasons.—H.R.

Right place, right time

Widening oil refining and gasoline margins have boosted profits for most of the 13 companies listed below. The biggest gains are going to those oil companies most dedicated to refining and marketing. The stock market has just begun to take notice. Although prices have risen, earnings are rising even faster.

Company	Domestic refining capacity (bbl/day) (000)	Nine months refining and marketing net income ($mil) 1988	1987	Earnings per share	P/E	52-week price range	Recent price	Current yield
Integrated majors								
Amoco	967	$631	$147	$8.03	9.2	80¼–63	74	4.7%
Arco	644	280	100	8.42	9.4	90⅞–63⅞	79¼	5.0
Exxon	1,211	1,249	135	4.01	11.1	47¾–36½	41⅝	4.9
Mobil	755	701	241	4.88	9.3	49⅛–35	45⅝	5.3
Phillips Petroleum	305	302[a]	137[a]	2.29	8.8	22⅛–10	20¼	3.6
Sun	462	204	24	2.92[b]	—	33⅛–28	32½	5.5
Texaco	899	693	55	5.47[c]	—	52½–31¾	50⅛	6.0
Unocal	490	124	28	1.56[d]	—	40⅜–24⅞	37⅞	2.6
Refining & diversified[a]								
Ashland	346	201	14	3.29	10	37⅞–26⅜	33	3.0
Diamond Shamrock	155	41	13	1.20	12.6	17 – 7½	15⅛	2.6
Mapco	100	48	16	4.99	10.8	60⅜–42¾	54	1.9
Tosco	137	86	34	0.75[e]	4.1	3⅝– 1⅜	3⅜	—
Marathon Oil[f]	588	336	160	1.94	14.8	34⅜–26	28¾	4.9

a: Nine-month pretax income. b: Before extraordinary charge of $2.81 per share. c: Before extraordinary charge of $19.83 per share d: Before extraordinary charge of $1.15 a share. e: Before extraordinary gain of 79 cents a share. f: Earnings per share and stock data are for USX, Marathon's parent.

the gross margin on unleaded premium gasoline reached 19 cents per gallon last fall, compared with only 10 cents two years earlier. A number of oil companies report margins of anywhere from 12 cents to 14 cents per gallon of gasoline sold at the pump, with the best margins coming from the high-octane unleaded gas sold for today's popular big cars.

Ironically, much of this new profitability traces to government action. In the early to mid-1980s many refineries were shut down because environmental restrictions would have required them to spend huge amounts to comply with the law. The closing of over 100 refineries has removed more than 3 million barrels per day of domestic capacity—15% of the total.

The process continues. California recently passed legislation to require refiners to spend almost $300 million on scrubbers and emission control devices for refineries in the state. At the federal level, the Environmental Protection Agency will soon demand that refiners reduce sulfur content in diesel fuel by 1993, costing the industry over $3 billion. Additional EPA requirements being considered to produce gasoline with lower vapor pressure to reduce gasoline volatility may cost another $1 billion. Such costly expenditures could lead to the shutdown of still more refining capacity.

There will be some incremental capacity additions and upgrading of existing refineries. British Petroleum's Sohio, for example, is reportedly about to construct one of the largest continuous catalytic reformers in the world at its 130,000-barrel-per-day Toledo, Ohio refinery, at a cost of $60 million, to boost high-octane yields. Ashland Oil will spend about $50 million over the next four years at its three midwestern refineries, reports Ashland Chairman John Hall, "to remain competitive in the octane race."

But no one expects any massive capacity additions built from the ground up anytime soon. Even with returns on refining assets approaching 18%, says Oppenheimer's Hyler, "there's little incentive to build new refinery capacity." Hyler believes asset returns must stabilize at around 30% to warrant building a new refinery.

Until recently, the gap between U.S. demand for refined products and U.S. supply has been filled by shipments from Europe, where overcapacity existed. Now the European economies are growing more rapidly, and Europe in 1989 will start converting to unleaded premium gasoline. As a result, European oil companies will have less product to sell in the U.S. Canada, too, will begin converting to unleaded in 1990.

Don't be surprised if the gasoline refiners' new health plays a part in the calculations of congressional budgeters, who are mulling over a gasoline tax to help close the budget deficit. Producers themselves would be hard put to plead hardship in the event of a modest boost in gasoline taxes. Such a tax might make it more difficult for refiners and marketers to raise prices but would be unlikely to reduce demand significantly. If a gasoline tax of no more than 15 to 20 cents a gallon were imposed, and phased in over time rather than all at once, says Ashland Oil's Hall, demand would be hurt little, if at all. ■

Arnold Zann/Black Star

Marathon Oil's Speedway gas station
Pumping premium profits.

41st Annual Report On American Industry

1989

Leveraged takeovers dominated the headlines last year. The quieter story, far more important in the long run, was about the application of computer and communications technology to every manner of business.

By Gary Slutsker and Jason Zweig

THIS, FORBES' 41ST Annual Report on American Industry, tells two stories. One is financial: the storm of leveraged takeovers and buyouts. The other is technological: the growing importance of applying computer and communications technology to every sort of business.

For example, the phone companies listed in our telecommunications category *(see p. 194)* are going to expand heavily into computer networking and information services. Meanwhile, the computer companies *(see p. 114)* are trying to convince customers that they are truly in the communications business. Thus, during 1988 Unisys bought Timeplex, a maker of data communications equipment, Hewlett-Packard bought into Octel Communications, an up-and-coming voice messaging startup. Even IBM, which sold its Rolm PBX manufacturing and development operation to Siemens, redoubled efforts to help customers set up private telecommunications networks.

Just about everyone is, one way or another, finding advantage in applying computers and modern communications to their businesses. Knowing how to do so is today one of the major tools of good management. The companies with the best profit and growth records in this survey are often the ones that have learned well how to apply computers and modern communications to their businesses. A few examples: An important part of Pitney Bowes' spectacular growth is coming from replacing customers' electromechanical postage meters with new electronic units that enable companies to replenish the postage by phone instead of lugging the meter down to the post office—easier communication. Pitney now spends most of its R&D budget designing software and custom integrated circuits. H&R Block has become the nation's largest preparer of electronically filed tax returns—computerized paperwork. H&R Block a computer company? No, but computers are transforming its business, and keeping up with computers is a prime task facing its management.

The same with airlines. AMR Corp.'s American Airlines, for example, has a profitable sideline in computers. Through its worldwide Sabre reservation and travel data processing system, the company is inescapably dependent on computers. In 1988, even as airline profits rebounded strongly, Sabre still accounted for 13% of AMR's $440 million in estimated net earnings. Likewise, PacifiCorp, a holding company with 54% of its assets in electric utilities, earns 14% of its profits from selling long-distance telecommunications services in Alaska and local phone service in nine states.

With technology stocks looking relatively cheap these days, some companies in mature industries are seizing the opportunity to invest in the future inexpensively. Thus, President Peter Scott is turning Emhart from a manufacturing backwater into a high-technology outfit by acquiring firms involved in technology consulting and software services for the government *(see pp. 118-119)*. At Milwaukee's Harnischfeger Industries, Chairman William W. Goessel has given the 98-year-old heavy-equipment manufacturer *(p. 156)* a new high-technology face. These days 18% of the company's operating profits comes from Syscon Corp., a fast-growing Washington, D.C.-based maker of defense-related computer systems that Goessel bought two years ago.

Any business, in short, ignores computers and computer applications at serious risk to its future.

But if computer and communications technology applications were the big business story of 1988, leverage was the big financial story. In one heady week in October—exactly 53 weeks after the October 1987 crash—sudden buyout offers by Philip Morris for Kraft and by RJR Nabisco for itself added more than $8 billion to the stock prices of the two companies almost instantly. Equally abruptly, the bonds of some of the companies involved took a pounding, with RJR Nabisco's long-term bonds losing an estimated $500 million in value.

Leveraged buyout deals dominated the year, with the size of the buyouts leaping upward in great swoops as the months passed—from $6.8 billion for Federated Department Stores in May, to the RJR Nabisco deal at $25 billion in November. What was fueling the frenzy? The motivations for buyouts and takeovers in years gone by—manufacturing capacity, cash on hand—were forgotten in favor of the latest fashion on Wall Street: the gobbling up of brand names.

As the year ended, Congress and the politicians were muttering about doing something to slow the spread of takeovers and of leverage. Privately, though, most of the political figures admit that there is little they can do that would not risk fouling up the function of the free marketplace. There is one fairly simple fix, one which would enhance rather than inhibit free markets: In its cover story of Nov. 28, 1988, FORBES showed how the double taxation of corporate dividends played right into the hands of the leverage artists. But eliminating the double taxation is politically difficult, so Congress probably will simply continue to mutter—and next year at this time more famous corporate names will disappear from this survey, either by going private or by being acquired, in either case with liberal use of debt leverage.

Turnaround candidates

Industry	Company	Survey page
Aerospace and defense	Wyman-Gordon	82
Air transport	Airborne Freight	84
Apparel, shoes and textiles	Phillips-Van Heusen	86
Automotive	GM	90
Banks and thrifts	Mellon Bank	94
Beverages and tobacco	American Brands	100
Chemicals	HB Fuller	103
Coal	Amax	108
Communications media	Turner Broadcasting	111
Computers and electronics	Seagate Technology	114
Conglomerates	Emhart	118
Construction	Morrison Knudsen	120
Consumer products	American Hoist	126
Electrical equipment	General Signal	128
Electrical utilities	Public Service NH	132
Financial services	Lomas Financial	136
Food distributors	Fleming Cos	139
Food processors	Pioneer Hi-Bred Intl	144
Health	Manor Care	150
Heavy equipment	Harnischfeger Industries	156
Industrial and office services	Savin	158
Insurance	Provident Life & Accident	161
Leisure and recreation	Mattel	168
Metals	USX	172
Natural gas	Tenneco	174
Oil	Dresser Industries	178
Packaging	Constar International	182
Paper	Union Camp	184
Retailing	Gap	188
Surface transportation	Avondale Industries	192
Telecommunications	GTE	194

Despite this wastage, this year FORBES' survey has been expanded to include more companies than ever before, 1,116. Our survey now embraces many of the companies that have become too big for the FORBES list of the 200 Best Small Companies in America *(Nov. 14, 1988)* but are still too small to qualify as a Forbes 500 company *(Apr. 25, 1988)*. Among the 166 corporations newly added are such outstanding companies as Wyse Technology, Carnival Cruise Lines and Genentech.

Our new minimum cutoffs for inclusion in this issue are $475 million in assets for banks and $400 million in revenues for most other firms. Exception: the brand-new industry report on biotechnology companies. Here all the companies, with the exception of Genentech, have less than $145 million in sales. FORBES has identified the biotech industry as being so important that it cannot be ignored in any major survey of American business, even if the firms don't qualify under our standard rules for size and long-term records.

Leveraged buyouts and smart computer and communications applications. Those were the big stories of 1988. We are betting they will be the big stories again in 1989. ■

How the numbers are calculated

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)

Segment sales and profits

Forbes' 41st Annual Survey of American Industry has expanded to include corporations that have outgrown our requirements for the 200 Best Small Companies in America *(Nov. 14, 1988)* but are too small to be a Forbes 500s company *(Apr. 25, 1988)*. With minimum revenue requirements of $475 million annually for banks and $400 million for other firms, 1,116 corporations are now covered in this report, a record.

In this report a company may be listed in as many as three industry groups. The industry tables show the percentage of sales and profits a company derives from a particular industry. Forbes' definitions may vary from company designations, and numbers in these columns may not total 100%.

Profitability

For this issue return on equity is calculated by taking primary earnings per share and dividing it by common shareholders' equity per share at the beginning of the year. For calculating a company's common shareholders' equity, Forbes assumes the conversion of all convertible preferred stock. The liquidating value of nonconvertible preferred shares is subtracted from total stockholders' equity. When calculating per-share earnings, Forbes includes gains or losses from discontinued operations but excludes extraordinary items.

As a result of recent rulings by the Financial Accounting Standards Board, an unusually large number of corporations are making a variety of adjustments to their income statements these days. Most companies will take charges in fiscal 1988 or 1989, but some firms are restating 1987 data, and others, such as Transco Energy, have restated prior results as far back as 1982. Because firms are handling these adjustments differently, intercompany comparisons may require additional scrutiny.

Time periods

The five-year growth rates shown in this issue for both sales and profits require six years' worth of data. For companies with fiscal years ending in April through December, growth rates are based on the fiscal years through 1987. For companies with fiscal years ending in January through March, the fiscal years through 1988 are used. Growth rates covering a period of less than six years are marked with a footnote. When less than four years' worth of data are available, or data are not comparable, the growth rate is marked NA (not available).

Average return on equity is marked NA if fewer than three annual returns are available. Latest 12-month comparisons are between the most recent four quarters and the same four quarters the previous year.

Net profit margin and sales are measured over the latest 12 months. Debt as a percentage of equity is calculated as of the latest balance sheet.

Growth rates

We use the least-squares method to calculate sales and earnings growth rates. This equation adjusts for sharp fluctuations and comes up with a result that closely reflects the average rate of growth. Example: Over four years a firm's earnings go from 25 cents to $1, then to $2, and finally to $1.75 in the last year. That's a 300% jump from the first to the second year, a 100% jump in the third year and a 12.5% decline in the fourth year. Least-squares says that, on average, earnings grew by 92% (25 cents x 92% x 92% x 92%). The least-squares equation cannot handle negative values. If first- or second-year earnings are negative, Forbes calculates the growth rate for a shorter period, starting at the first positive year. If earnings are negative in any of the last four years, the growth rate is reported as not meaningful (NM).

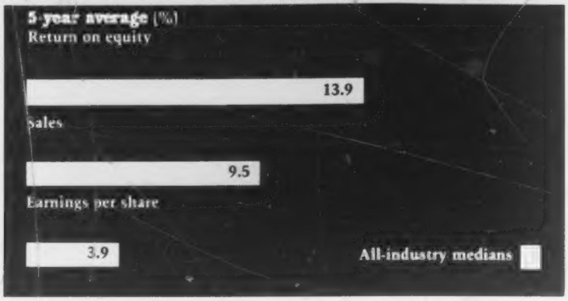
Definitions

Forbes defines sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Sales of insurance companies include income from premiums and annuities as well as net investment income and other income. Net profit margin measures net income as a percentage of net sales, including other operating income. Debt as a percentage of equity is defined as long-term debt, including capitalized leases, divided by total equity (including preferred equity).

Medians for all companies are calculated by listing companies in rank order and selecting the value of the middle company. When there is an even number of companies, the median is obtained by averaging the data on the two middle firms. The all-industry median is calculated by taking the median of 31 individual industry medians.

All companies except those with NA are ranked in calculating an industry median. This means that firms with "not meaningful" results (NM) are counted in the median calculation. Why? Take the telecommunications manufacturers *(p. 194)*. Six companies are in this subindustry but only two have positive five-year earnings growth rates. A median calculated on only the two profitable companies (Northern Telecommunications and Motorola) comes out to 9.3. But such a median indicates that the overall group is showing respectable earnings growth. By counting all six firms in the median calculation the resulting median is NM, which better represents what is going on in this subindustry.

AEROSPACE AND DEFENSE



For one segment of the business, a spending slowdown starts to bite. For the other sector, the good times keep rolling along.

By Howard Banks

FOR MUCH OF THE REAGAN ERA this was the business to be in. But growth in defense spending began to slow two years ago, and by 1988 the long-predicted squeeze on defense contractors was starting to bite. Thus, sharp increases in net profit margin by Lockheed, General Dynamics, Teledyne and a handful of other contractors were not enough to prevent an overall decline, to 3.9% for the sector.

As he prepared to leave office, President Reagan proposed a 2% increase, in real (inflation-adjusted) terms, in defense spending for fiscal 1990, beginning October 1989. That rate of spending would work out to $200 billion less than the Defense Department itself wants to spend over the next five years. But it's not clear whether President-elect George Bush will agree, especially in light of the Soviet Union's recent attention-grabbing announcement of a plan to cut U.S.S.R. defense efforts unilaterally over the next several years.

Whatever level of spending is finally set, some future programs, like the advanced tactical fighter and the new Navy attack aircraft, will likely go into slow motion. SDI could be trimmed to a less elaborate, and therefore less expensive, package. The MX missile may be threatened and so may the Midgetman missile. An outside possibility exists that the B-2 Stealth bomber could be delayed because of its enormous cost—$555 million per plane in today's dollars.

Inevitably, fewer new programs will be funded. Those that will be awarded are likely to be handed out, not to a single prime contractor, but to "teams." Cases in point: The Navy's new

Winning back the customers

Wyman-Gordon Co., of Worcester, Mass., long America's leading maker of aluminum and titanium forgings for jet engines and aircraft, is surfacing from nearly a decade of decline. It seems odd that a company so centrally positioned in this industry should have missed out on the boom this group has enjoyed in recent years. But increased competition cost it market share.

Now a turnaround is clearly under way. Though the $14 share price, down from a $17 high this year, has yet to reflect it, Wyman-Gordon is in the process of winning back the customers it had earlier lost. Sales are expected to hit $330 million in 1989, up from $270 million last year, yet still far from 1981's peak of $561 million. The company reported a $1.13-per-share loss in 1986 after taking $55 million of a total $80 million restructuring cost and an 80-cent profit in 1987. Profits per share in 1988, boosted by a 47-cent-per-share gain from an accounting change but limited by stepped-up investment spending, are expected to be around 65 cents, and, say analysts, over $1 in 1989.

James Walsh of Wyman-Gordon

Michael Carroll

Chiefly responsible for the recovery is James Walsh, president and chief executive since early 1987. His approach: a capital investment drive to cut costs and boost productivity in such items as a new high-purity melting furnace, and a forging technique that makes parts much closer to finished size, thereby using less raw material. Now, taking advantage of the company's minimal debt (6% of equity), Walsh is acquiring small leading materials technology firms.

In October Walsh added Precision Founders of San Leandro, Calif., which makes ultraclose-tolerance and very complex castings. And in November he financed a management buyout of Mojave, Calif.-based Scaled Composites from Beech Aircraft. This company fabricates aircraft parts from plastic composite materials, giving Wyman-Gordon a foothold in this leading new manufacturing technology. "It's only the first phase," says Walsh of a process that should transform Wyman-Gordon from a traditional metals manufacturer into a supplier of ultra-high-technology aerospace materials.

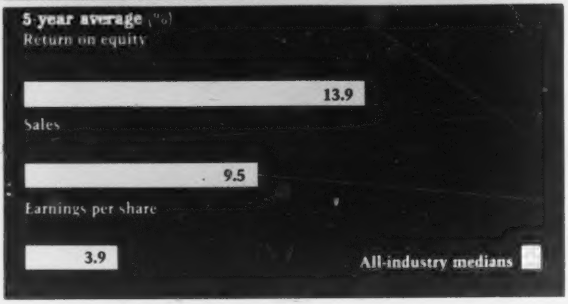
reconnaissance aircraft is to be an update of Lockheed's P-3 airframe, chosen over Boeing's more expensive 757. But Boeing gets to share, equipping the P-3 with new electronics, and probably making more money than Lockheed in the process. Similarly, Allied-Signal is sharing with Raytheon the $4 billion electronic system intended to identify friendly aircraft in wartime and, in peacetime, prevent shootdowns of airliners, as happened in the Persian Gulf.

Contrast all the penny-pinching and program-squeezing on the military side with the boom firmly under way in civil aircraft orders. Boeing's backlog is now a record $53 billion involving over 1,100 airliners. McDonnell Douglas, too, has benefited. Its MD-11 (an update of the DC-10) gained a boost earlier this year when it was ordered by Delta Airlines. The market segment this plane is aimed at—long range but not large enough to justify using Boeing 747s—may, however, not be large enough for McDonnell to recoup its $1 billion investment in this program. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Aerospace and defense													
Lockheed	●/●	1	35.5%	32.1%	41.9%	6.1%	8	15.5%	–1.4%	20	12.5%	78.2%	$10,816
Oshkosh Truck	83/NA	2	34.3	15.1	0.0	4.4	2	35.1	–12.6	4	53.3	–39.7	353
General Dynamics	●/●	3	25.2	22.7	34.1	3.9	26	8.3	1.0		NM	500.0+	9,413
Pall	36/35	4	24.1	21.4	12.3	13.4	9	14.8	11.4	19	13.3	18.3	429
Precision Castparts	86/NA	5	23.5	21.9	32.1	8.0	1	40.3	11.2	5	49.1	–6.9	431
Teledyne	34/42	6	22.7	23.0	25.9	13.4	38	2.2	3.7	13	17.4	83.1	3,365
Sequa	60/60	7	22.2	8.1	70.2	3.3	40	1.7	80.0	3	77.6	–77.1	1,617
Rockwell Intl	78/79	8	21.3	25.3	20.8	6.8	16	11.9	–1.5	14	16.6	33.9	11,946
E-Systems	●/●	9	20.4	16.7	21.7	5.3	19	10.5	12.7	25	6.9	24.7	1,367
Morton Thiokol	47/28	10	20.4	15.8	15.6	6.6	7	16.4	18.2	29	3.9	9.5	2,414
Hercules	37/36	11	19.8	7.5	21.2	5.5	41	1.2	2.9	9	34.5	–76.6	2,731
Martin Marietta	75/71	12	19.7	39.0	47.6	6.4	27	7.8	8.6		NM	70.7	5,532
Rohr Industries	●/●	13	19.3	9.5	70.7	3.6	35	3.1	36.7	27	4.9	20.9	907
Raytheon	71/84	14	18.7	26.0	2.1	5.9	29	6.9	7.3	21	12.0	23.4	8,120
Northrop	●/●	15	18.7	23.7	0.1	3.9	5	20.1	–1.9	8	39.4	225.9	5,837
Loral	●/●	16	18.6	19.0	127.4	5.5	3	32.9	43.9	11	18.4	25.6	1,489
GenCorp	54/48	17	18.6	NE	NE	17.0	44	–0.2	–13.4	1	92.3	57.8	1,811
Westinghouse	NA/NA	18	18.3	22.0	93.7	7.0	37	2.5	9.4	15	16.1	10.7	11,407
General Electric	29/35	19	18.1	17.2	19.8	7.4	25	8.3	–2.5	28	4.1	19.8	38,562
Kaman	55/75	20	17.4	16.9	71.1	3.5	21	9.9	12.2	12	18.2	15.9	764
Boeing	●/●	21	15.7	11.6	4.9	3.5	14	12.4	6.0	23	10.4	11.4	16,689
Grumman	●/50	22	15.0	3.1	102.3	0.6	15	12.1	6.5		NM	–75.5	3,510
Figgie Intl	23/27	23	14.6	18.0	42.0	5.2	24	8.7	16.6	17	14.6	30.2	1,131
FMC	32/26	24	14.5[b]	NE	NE	3.0	46	–2.9	6.5	7	42.2	–40.2	3,261
TRW	46/40	25	14.3	19.3	55.2	3.9	32	4.9	5.7		NM	20.6	7,010
Computer Sciences	49/NA	26	14.2	14.0	23.8	4.0	18	11.4	8.3	16	14.8	26.6	1,195
Litton Industries	67/70	27	13.5	15.7	128.5	3.4	45	–2.0	10.1	32	–11.0	22.7	4,864
McDonnell Douglas	●/●	28	13.3	10.0	39.1	2.2	10	13.5	5.3	26	5.3	–0.8	13,813
Parker-Hannifin	29/35	29	12.9	13.1	48.0	4.6	13	12.4	20.0	22	11.9	15.6	2,335
Textron	53/43	30	12.6	11.4	76.8	3.6	4	24.4	–2.7	10	28.0	–15.7	7,232
Interlake	23/NA	31	11.6	17.9	29.8	5.8	43	–0.1	10.9	6	42.7	28.4	869
Harsco	31/25	32	11.4	15.4	29.6	5.2	31	5.6	17.8	18	14.6	20.1	1,299
United Technologies	51/56	33	11.3	15.8	35.2	3.9	34	3.7	4.0	33	–19.1	300.8	17,656
Sundstrand	73/78	34	9.9	def	48.2	def	20	10.0	3.6	31	–9.4	P-D	1,435
Perkin-Elmer	26/35	35	9.2	10.6	5.1	6.2	30	6.1	–7.6		NM	D-P	1,182
Harris Corp	38/74	36	9.0	7.0	14.1	3.3	28	7.1	–3.5	30	–3.9	–18.6	2,042
SPS Technologies	39/●	37	7.9	4.3	40.6	1.7	12	13.0	5.9	2	82.3	–46.4	417
IC Industries	24/27	38	7.1	17.3	68.6	7.6	39	1.8	–9.2		NM	53.0	3,700
Allied-Signal	43/43	39	6.3	14.1	62.1	3.7	23	9.8	5.9		NM	–13.3	11,856
Honeywell	46/38	40	5.8	6.0	32.8	1.9	36	2.5	14.0		NM	D-P	7,198
Wyman-Gordon	●/●	41	5.4	3.0	5.8	3.0	47	–7.1	–19.4		NM	D-P	261
Talley Industries	31/54	42	4.7	1.4	138.4	1.0	42	0.1	21.1		NM	D-P	351
Texas Instruments	35/51	43	4.0	20.8	29.0	5.9	33	4.0	13.8		NM	25.9	6,137
UNC	72/66	44	def	11.2	145.3	2.8	11	13.4	–18.1		NM	2.8	426
Todd Shipyards	65/●	45	def	def	253.6	def	49	–14.4	8.2		NM	D-D	373
Fairchild Industries	67/76	46	def	11.7	60.8	2.7	48	–14.4	5.3		NM	D-P	523
LTV	34/30	47	def[b]	NE	NE	def	17	11.6	1.7		NM	D-D	7,640
Avondale Industries	NA/NA		NA	0.7	26.9	0.7	22	9.9[d]	NA		NA	NA	555
GM Hughes Electronics	63/32		NA	3.5	4.0	2.3	6	19.5	3.8	24	10.1[c]	20.0	10,761
Industry medians			14.5	14.1	32.8	3.9		8.3	6.0		8.5	20.3	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

AIR TRANSPORT



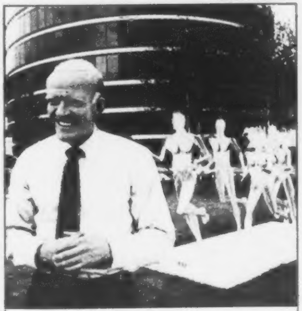
It was a safe and profitable 1988, but with an aging fleet now facing costly overhauls, something will have to give in 1989.

By Howard Banks

A DECADE AFTER THE START of deregulation in this industry, 1988 was the second straight year of record profits for most U.S. airlines. The fall also saw American Airlines overtake United as the largest passenger airline in the U.S. The trouble spot remains Eastern Air Lines, Texas Air Corp.'s subsidiary. If the courts continue to block Chairman Frank Lorenzo from selling its profitable East Coast Shuttle to Donald Trump, Eastern could go into Chapter 11 bankruptcy.

Elsewhere in the business, the economic benefits of merging—only ten significant jet carriers remain in the U.S.—and the resulting rationalized operations can be seen in improved financial performance. Yield, measured as average fares in cents per mile, was up 7% in 1988, faster even than traffic growth or increases in capacity or operating expenses. Result:

Small fish, big bites


Geoff Manasse

Robert Cline of Airborne

Airborne Freight Corp., better known as Airborne Express (revenues, $770 million), runs a distant third in the express package business, behind Federal Express (revenues, $3.8 billion) and Emery (revenues, $1.3 billion). As a result, in 1987 and through the first few months of 1988, Airborne's profits were squeezed because of aggressive price discounting by Federal Express. Airborne's stock had slipped from a high of 36 in early 1987, and has since recovered from a low following the October 1987 crash of around 12, to around 19½.

But now it looks like its troubles are behind it. In the first nine months of 1988, Airborne enjoyed 27% earnings growth on a 21% growth in revenues, and the trend seems likely to accelerate in 1989. "Yes, we're reasonably confident about earnings growth," says Robert Cline, chief executive officer.

What gives him confidence? Simply put, aggressive marketing. While bigger rivals are squeezing their margins in pursuit of retail business, Airborne vigorously chases big, national accounts where one signed contract can bring in a flood of business. In March 1987, for example, Cline succeeded in landing a choice, and highly sought after, three-year exclusive contract to serve as overnight express traffic courier for IBM. Similarly, Airborne has just won all of the U.S. government's General Services Administration package business, which will add $15 million to $20 million in annual revenues.

As the smallest of the three leading carriers, Airborne has to keep closer watch than the others on its costs, and Cline has shown himself more than up to the task. He buys cheap secondhand passenger jets and then saves by not fully—and expensively—modifying them into full cargo planes, able to carry large cargo containers, as his rivals do.

Airborne also does a lot of its own maintenance and modifications, aiming for reduced downtime. And rather than go in for bruising competition with international airlines, as FedEx has, Cline pays the foreign airlines to carry his international packages instead. "We have to do things these ways, because we're smaller, haven't the capitalization for any other tack," he says. It's obviously working.

an operating profit for the industry of around $3 billion, up from $2.5 billion in 1987.

The year ahead should see much the same result, says George James of consulting firm Airline Economics. This would be remarkable consistency for this normally highly cyclical business. And it will help pay for the splurge of new aircraft that the airlines have ordered, with more to come, to cope with what are forecast to be never-ending 5%-plus traffic increases.

Besides being a profitable year, 1988 was one of the industry's safest ever. Of some 7 million scheduled flights, only 2 involved fatal accidents—Delta's at Dallas-Fort Worth and Aloha's over Hawaii, when the roof partly came off a 737. The airlines have also learned how to cope with bad publicity over delays, by adding an average of 14 minutes into their schedules to kid passengers that more of them are arriving on time. Congestion remains acute, however, especially at Chicago, where the number of flights has been limited.

The airlines face new trouble in the coming year concerning older jets, the so-called geriatrics, such as earlier 737s and Douglas DC-9s. Increased inspections and some modifications are being called for on these earlier types.

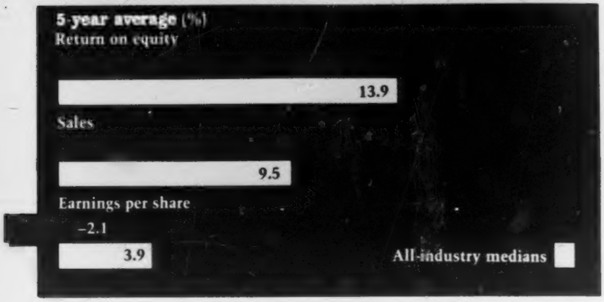
Properly done, such work will keep even the oldest airplane safe, but actually doing the work will add significantly—directly to operating costs, and indirectly through lost flying time. Congress is also growing concerned about the noise of those older types and may propose pensioning them off.

Given a choice, many airlines would probably choose to dump their old planes and simply upgrade to something newer. But with airframe manufacturers already sold out for years to come, airlines may wind up having to hang on to—and fix up—their planes whether they want to or not. That in turn will mean higher costs as well as more pressure to raise fares whenever a chance presents itself. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Freight													
Federal Express	●/●	1	13.2%	15.1%	61.1%	4.5%	1	33.3%	20.5%		NM	D-P	$4,052
Airborne Freight	●/●	2	13.0	5.6	131.0	1.0	2	16.6	20.2	1	4.3%	–38.0%	729
Emery Air Freight	●/●	3	7.0	def	212.0	def	3	14.2	19.4		NM	D-D	1,314
Pittston	45/17	4	def	def	17.1	def	5	–8.4	24.1		NM	P-D	1,557
Tiger International	●/●	5	def[a]	293.7	500.0+	5.2	4	–3.2	13.7		NM	18.6	1,340
Medians			**7.0**	**5.6**	**131.0**	**1.0**		**14.2**	**20.2**		**NM**	**–38.0**	
Airlines													
Alaska Air Group	●/●	1	17.3%	11.6%	58.1%	4.0%	3	23.0%	20.0%	3	–5.8%	110.4%	$793
AMR	●/●	2	15.5	13.1	91.2	4.3	7	10.7	22.4	4	–6.8[d]	72.5	8,338
USAir Group	●/●	3	14.0	8.5	76.0	3.2	6	15.7	126.8	2	5.7	–36.9	5,350
Southwest Airlines	●/●	4	11.9	9.8	66.8	6.1	5	19.1	6.4	5	–9.1	155.6	829
Delta Air Lines	●/●	5	11.5	16.8	33.0	4.9	9	7.9	22.5		NM	22.6	7,165
NWA	●/●	6	7.7	6.6	62.1	1.9	4	20.7	7.3	1	52.5	–14.3	5,446
UAL	●/●	7	7.3	74.0	146.9	14.8	8	10.2	3.8		NM	500.0+	8,853
America West Airlines	●/●	8	def[b]	def	500.0+	def	1	64.0[c]	43.5		NM	D-D	728
Texas Air	●/●	9	def[a]	def	500.0+	def	2	43.9	5.5		NM	D-D	8,465
Pan Am	86/●	10	def	NE	NE	def	10	–2.5	15.4		NM	D-D	4,056
Medians			**9.6**	**9.2**	**71.4**	**3.6**		**17.4**	**17.7**		**NM**	**4.1**	
Industry medians			**7.7**	**8.5**	**76.0**	**3.2**		**15.7**	**20.0**		**NM**	**–14.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

APPAREL, SHOES AND TEXTILES



Fashion and sticker shock. Together they spelled trouble for this volatile industry.

By Gale Eisenstodt

Despite the 10% sales growth that Forbes shows here, this was a demanding year for apparel manufacturers. In 1988 spending on women's apparel was up only about 4%, after rises of 7% in 1987 and 1986. Who was hurt? For the year, Liz Claiborne's sales grew just 9%, after last year's 30% gain, and earnings per share were off by about 9%. The sluggishness in women's apparel depressed Oxford Industries' bottom line and hurt Leslie Fay through the first half of 1988.

Why the trouble? You can blame any number of economic indicators—consumer debt, recession fears—but fashion and sticker shock were key. Female customers were uncertain about hemlines. The debate between long and short left many confused—and therefore unwilling to buy. High prices compounded the problem, convincing many women that they didn't need that dress after all.

Those companies that fared best had diversified product

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Apparel													
Liz Claiborne	●/●	1	54.8%	29.8%	3.5%	9.4%	1	46.7%	12.5%	1	51.9%	−5.1%	$1,132
VF	●/●	2	29.4	18.3	30.1	7.1	2	20.8	5.2	5	11.0	8.2	2,531
Russell	●/●	3	17.3	18.0	24.3	10.0	4	11.5	10.0	4	15.9	14.7	512
Kellwood	●/●	4	16.6	19.3	55.0	4.3	11	−1.9	20.2	2	23.3	16.0	712
Oxford Industries	●/●	5	14.3	def	39.0	def	8	3.7	1.9	9	−14.4	P-D	587
Phillips-Van Heusen	●/●	6	14.0	54.8	116.4	4.0	10	1.3	30.2	3	19.0	−12.3	603
Gerber Products	36/18	7	12.5	14.3	41.5	4.7	6	5.2	7.1	8	−13.0	93.4	1,003
Hartmarx	46/80	8	12.5	10.8	40.8	3.3	7	4.3	9.0	7	−1.9	13.1	1,157
Interco	24/ 7	9	9.3	11.5	24.4	4.9	9	3.5	−1.5	6	4.1	7.5	2,986
Fruit of the Loom	●/●		NA	25.8	395.5	5.0	5	10.2	19.3		NA	107.7	986
Leslie Fay Cos	●/●		NA	21.2	90.3	3.7	3	15.4	10.5		NM	39.3	646
Medians			**14.3**	**18.3**	**40.8**	**4.7**		**5.2**	**10.0**		**7.5**	**13.1**	
Shoes													
Reebok International	●/NA	1	200+%[b]	27.7%	1.9%	9.2%	1	254.2%	39.3%	1	200+%	−1.7%	$1,796
NIKE	NA/NA	2	18.6	35.7	7.7	9.3	3	5.4	58.5	2	−8.9	200.0	1,431
US Shoe	34/43	3	12.6	3.1	44.1	0.7	2	11.2	4.6	3	−15.1	−60.4	2,223
Genesco	30/39	4	2.8	12.0	54.1	2.6	4	−8.0	−4.1		NM	−44.0	433
Medians			**15.6**	**19.9**	**25.9**	**5.9**		**8.3**	**21.9**		**−12.0**	**−22.9**	
Textiles													
Delta Woodside Inds	●/●	1	200+%[a]	37.8%	34.6%	5.5%	2	35.2%	16.0%		NM	11.3%	$501
Dixie Yarns	●/●	2	15.9	11.1	39.6	3.8	5	14.9	23.0	1	57.8%	−18.7	617
Guilford Mills	●/●	3	15.3	14.3	52.4	4.6	4	16.5	7.2	2	5.1	14.0	585
West Point-Pepperell	44/29	4	10.4	12.3	122.2	4.3	8	9.8	26.3	4	−2.2	29.4	2,151
Springs Industries	42/19	5	8.0	9.0	46.4	2.5	6	14.8	11.5	3	−0.2	−16.8	1,798
DWG	36/36	6	7.1	28.9	362.6	3.3	1	38.5	−1.0		NM	44.6	1,120
Fieldcrest Cannon	NA/NA	7	5.3	def	149.6	def	3	23.1	0.3		NM	P-D	1,355
United Merchants	50/DP	8	def	def	256.4	def	7	10.3	−14.4		NM	D-D	624
Medians			**9.2**	**11.7**	**87.3**	**3.5**		**15.7**	**9.4**		**NM**	**−2.7**	
Industry medians			**14.0**	**14.3**	**44.1**	**4.3**		**11.2**	**10.0**		**−2.1**	**8.2**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Sea change

Phillips-Van Heusen Chairman Lawrence Phillips looks fondly at his Bass loafers when discussing the prospects for an upturn at his company. "When we bought Bass, it had a horrendous track record," says Phillips. Losses of $47 million in 1986 notwithstanding, Phillips saw value in the Bass name and in 1987 paid $79 million for the company. At the same time, Phillips divested his firm of its tailored clothing line and men's specialty retail stores. "This was the least profitable area and showed the lowest growth potential," says he.

In large part, Phillips' moves were designed to fight off a hostile bid from Rosewood Corp., a Dallas investment firm, but the price was high. Including the cost of a 5.2-million-share stock buyback plan to fend off Rosewood, the cost of independence was a more than sixteenfold increase in long-term debt, from $7 million in 1986 to $121 million a year later. Meanwhile, per-share book value declined to $2.48 from $10.87 the previous year.

So how is Phillips making out now? In part by paring inventories and pruning management deadwood in Bass, the company in 1988 was able to live very comfortably with its mountain of debt, with $27 million in net operating income in 1988 and an estimated $35 million in 1989. Says industry analyst Jay Meltzer of Goldman, Sachs & Co.: "Phillips is successfully bringing things around in an unfavorable apparel environment, and that says a lot about management." Meltzer expects earnings per share to increase to $1.80 in 1989, up from $1.30 this year. A lagging stock price suggests others don't see the opportunity apparent in this turnaround.

Jodi Buren

Lawrence Phillips of Phillips-Van Heusen

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Apparel inventories started to come down and sales improved last fall as more popular fashions and lower prices took hold.

lines and varied sources of supply. Take Kellwood Co., a $700 million manufacturer of men's, women's and children's clothing and home furnishings. The company's broad mix of products enables it to withstand weakness in any one sector. With plants in the U.S., the Caribbean and the Far East, Kellwood is able to switch around among suppliers to take advantage of the falling dollar.

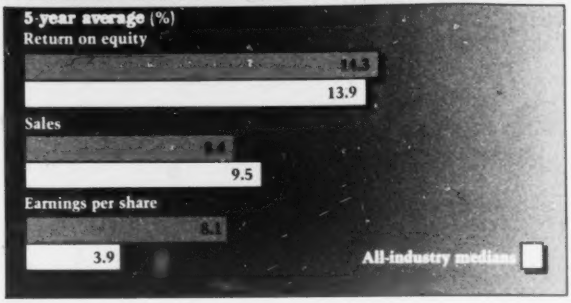
But fickle fashion and volatile currencies weren't the only woes this industry faced in 1988. Continuing consolidation of department stores has concentrated more buying power in fewer hands, enabling buyers to force down prices. Apparel companies also felt pressure from retailers such as Macy's that manufacture their own goods under their own private labels.

What to do? Apparel companies are fighting back with such marketing devices as the "store within a store." Leslie Fay, a $660 million women's dress and sportswear manufacturer, in 1988 set up boutiques in 300 department stores. "We realized that by concentrating our merchandise in one area and displaying it properly we could do 40% better," says John Pomerantz, chairman of Leslie Fay. Liz Claiborne Inc. (1988 sales, $1.1 billion) took the concept one step further by opening its own retail outlets.

Many textile companies were barely bruised by the environment, primarily because of earlier moves into the healthier industrial fabrics and home furnishings areas. Following the May 1988 acquisition of J.P. Stevens by West Point-Pepperell for about $1.2 billion, there are now three public textile giants in the industry: Fieldcrest Cannon, Springs Industries and West Point-Pepperell.

What does the future hold? Apparel inventories started to come down and retail sales improved last fall as more popular fashions and lower prices started to take hold. This bodes well for 1989. Acquisitions in the apparel industry have lagged the rapid pace in some other sectors of the economy, but look for this to change as apparel plays catch-up. To stay competitive, companies must take advantage of new technological advances. That takes money. As capital spending requirements rise, expect to see further consolidation. ■

AUTOMOTIVE



The profits were lush in 1988. Even with some sales slippage, the U.S. companies should do extremely well again in 1989.

By Jerry Flint

IT WASN'T SUPPOSED TO GO ON like this. Certainly Detroit would sag in 1988 after five strong years. But a funny thing happened on the way to the poorhouse: The customers defied the predictions and went right on buying cars and trucks, especially those with "Made in America" labels on them. Customers wanted not just cars but cars that caught their fancy and went fast: Taurus, Beretta, minivans. V-8s, multivalves, superchargers—and U.S. automakers had them aplenty. Japanese-made vehicles continued to sell well, but the weakening dollar is already beginning to curb their growth. As for Detroit, with sales of 15.7 million cars and trucks, a half-million better than 1987, times have rarely been better.

The big winner was Ford. Profits in 1988 probably reached a record $5.5 billion. "There's a lot of luck in what looks like shrewd thinking at Ford," says Chairman Donald Petersen, perhaps recalling the early Eighties, when Ford was close to broke and came close to killing its now hot-selling Lincoln Town Car, but was luckily slow with the ax. But today at Ford there seems to be more shrewd thinking than luck. Two new models, the $30,000 Lincoln Continental and the sporty Probe half-breed—half Ford, half Mazda—are examples. Both were carefully designed efforts to be best-in-class. Result: two sell-outs.

Chrysler spent the year trying to digest American Motors. Management went through another shakeup. "This year has been kind of a tough one for us," says Jerry Greenwald, Chrysler's vice chairman, "but starting with this fourth quar-

The turn signal is on

When it comes to picking a turnaround candidate in the auto industry, it isn't even a contest. Under Don Petersen, Ford has already written one of the great turnarounds of recent times, and Lee Iacocca became famous bringing Chrysler back from the dead. Now it's Roger Smith's and General Motors' turn.

The giant automaker hasn't swung completely around, but the turn signal indicator is blinking. Costs have really been cut. (It took 100 hours to assemble an Eldorado-type car in 1987. It will take 66 hours in 1989.) GM's plunge in sales and market share looks to be leveling off. But the $14 to $15 a share net expected for GM in 1988 may be just a start. Remember: In 1987, GM earned $3.6 billion, or $10.06 a share, despite the fact that it was about breaking even on 75% of its business, its North American Automotive Operations. The much improved 1988 earnings probably included a relatively modest contribution from the car side of NAAO and far healthier profits from GM's truck business. Now figure what could happen if the cost-chopping continues, which seems likely, and GM's hopes for hot new cars like the four-door midsize GM10 models, to be sold by four divisions, pan out: $30 a share? And maybe a P/E of 10 instead of 7? It may not happen, but it's within reach.

Roger Smith of General Motors

GM's executives are up against first-class, foxy competitors marketing handsome cars. But GM, too, has a new generation of leaders coming, people who emerged in an environment of cost-cutting with an emphasis on quality. The old generation, who came up in an era when GM could do no wrong, are fast fading. It's the same company but a whole new spirit.

ter, we look to really better times coming." "Tough" is a bit of an exaggeration. Chrysler is expected to earn maybe a couple of bits under $5 a share, down from $5.90 last year but still darned healthy. And the family jewels, the Jeep and minivan line, continued stronger than the competition.

General Motors shared in the good news, as market share and sales, which were collapsing a year ago, leveled off. With hemorrhaging from North American Automotive Operations halted, plus big profits pouring in from Europe and costs way down, GM's net income was pushing toward $14 to $15 a share in 1988, compared with $10.06 a share in 1987. And the bulk of GM's new designs are yet to reach the market. If they sell well enough to restore some of GM's lost market share, and if profits from Europe keep pouring in, GM could easily break all profit records in the years just ahead. But even if it doesn't increase its market penetration much from 1988's 36%, GM has cut its costs to the point where it can make a nice profit on greatly reduced market share.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Automobiles and trucks													
Chrysler	●/●	1	59.4%[b]	14.8%	44.7%	3.1%	2	20.4%	25.6%	1	70.4%	–25.3%	$30,841
Oshkosh Truck	●/●	2	34.3	15.1	0.0	4.4	1	35.1	–12.6	2	53.3	–39.7	353
Ford Motor	●/●	3	30.7	27.7	6.8	6.4	4	13.2	15.1	3	23.3[d]	20.1	79,617
Subaru of America	●/●	4	30.7	def	26.8	def	3	15.6	–11.8		NM	P-D	1,654
General Motors	86/89	5	16.3	12.7	51.8	3.8	6	11.3	6.8	5	14.2	35.5	107,757
Paccar	●/●	6	12.2	20.6	4.6	5.6	5	11.9	30.5	4	19.2	61.2	2,939
Greyhound	NA/NA	7	10.0	2.8	86.7	0.9	9	–7.6	31.1	6	–9.2	–84.0	2,923
Mack Trucks	76/NA	8	def	1.0	91.8	0.2	7	8.4	10.2		NM	–74.6	2,041
Fruehauf	52/NA		NA	NE	351.9	def		NA	NA		NA	NA	1,953
Navistar Intl	●/●		NA	30.1	22.9	5.5	8	–4.2	14.5		NM	500.0+	3,955
Medians			23.5	13.7	35.8	3.5		11.9	14.5		14.2	–25.3	
Automotive parts													
Standard Products	86/90	1	29.5%	25.7%	10.8%	6.7%	8	16.3%	11.7%	3	38.7%	22.8%	$519
Snap-on Tools	●/●	2	20.7	24.0	1.6	13.1	9	12.3	13.8	7	16.7	35.6	838
Genuine Parts	68/79	3	18.3	22.7	2.4	6.0	19	5.6	12.9	12	8.1	27.2	2,870
TBC Corp	●/●	4	17.2	27.9	0.0	3.2	18	5.8	11.1	8	15.6	48.8	482
PPG Industries	NA/NA	5	16.7	22.6	43.9	8.4	13	8.9	9.0	5	20.9	41.4	5,512
Eaton	55/65	6	16.7	19.5	58.3	6.0	16	6.9	1.2	9	11.6[d]	8.1	3,402
Echlin	●/●	7	15.4	10.3	21.6	4.8	6	17.2	17.7	11	8.1	27.3	1,294
Arvin Industries	78/76	8	15.1	2.7	47.5	1.1	3	20.3	–2.5	4	27.5	–76.5	1,351
Masco Industries	52/56	9	14.5[a]	13.2	241.4	3.7	2	25.2	26.1	2	45.8[c]	–26.1	1,643
TRW	40/30	10	14.3	19.3	55.2	3.9	23	4.9	5.7		NM	20.6	7,010
Johnson Controls	49/52	11	13.8	13.6	41.9	3.3	5	19.0	15.8	14	3.1	28.6	3,100
SPX	86/NA	12	13.7	11.2	73.4	3.8	7	16.4	16.5	15	0.6	–7.7	854
Dana	79/81	13	12.7	15.9	152.8	2.9	11	10.5	21.4	6	16.9	26.5	4,774
Federal-Mogul	80/81	14	12.3	13.8	37.6	4.0	15	7.6	14.6	16	–10.7	500.0+	1,178
Lancaster Colony	41/39	15	10.5	16.0	36.9	4.5	21	5.3	6.6	17	–11.0	13.4	459
Barnes Group	NA/NA	16	10.2	16.1	61.0	4.0	26	0.1	9.8	13	7.9[c]	25.3	492
Danaher	48/46	17	9.8	35.8	224.7	5.1	1	146.1	23.4	1	112.4[c]	102.5	738
Wickes Cos	41/●	18	7.7[a]	0.7	115.5	0.4	14	8.4	–18.5	18	–21.5[d]	–94.1	3,595
Cummins Engine	●/●	19	6.4	def	54.7	def	10	11.4	20.5		NM	P-D	3,195
Allied-Signal	32/28	20	6.3	14.1	62.1	3.7	12	9.8	5.9		NM	–13.3	11,856
AO Smith	57/NA	21	5.6	4.7	46.4	1.5	20	5.6	2.5		NM	–38.2	989
Eagle-Picher Inds	40/38	22	5.0	20.4	42.6	5.7	22	5.2	14.3		NM	7.3	749
Handy & Harman	29/11	23	4.3	6.1	86.0	1.1	25	2.3	10.4		NM	D-P	650
Champion Spark Plug	●/●	24	4.0	4.0	4.1	1.9	27	0.1	–3.6		NM	–24.1	738
Allen Group	●/●	25	1.5	def	62.0	def	24	3.4	1.3		NM	D-D	374
Clark Equipment	28/78	26	def	5.8	49.4	1.7	17	6.5	22.1		NM	D-P	1,219
GM Hughes Electronics	31/58		NA	3.5	4.0	2.3	4	19.5	3.8	10	10.1[c]	20.0	10,761
Varity Corp	28/40		NA	22.8	105.8	3.5	28	–2.2	38.7		NM	D-P	2,170
Medians			12.5	13.9	48.4	3.7		8.0	11.4		1.9	21.7	
Recreational vehicles													
Fleetwood Enterprises	65/82	1	24.1%	16.1%	0.0%	3.6%	3	14.7%	12.5%	2	24.5%	22.3%	$1,470
Winnebago Industries	●/●	2	18.1	1.8	1.1	0.6	1	20.3	4.6	4	14.6	–85.9	425
Coachmen Industries	86/●	3	14.9	2.8	6.6	0.5	5	1.0	10.4		NM	64.7	399
Skyline	34/51	4	7.7	10.0	0.0	4.1	4	2.6	6.2	3	15.0	8.9	335
Harley-Davidson	●/●		NA	37.0	130.6	3.5	2	19.9	23.1	1	60.5[d]	49.1	727
Medians			16.5	10.0	1.1	3.5		14.7	10.4		15.0	22.3	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

AUTOMOTIVE

What happens in 1989? Analysts, generally cautious, guess around 15 million units will be sold during the year, against the 15.7 million of 1988. If there is some downturn, Ford is the company best positioned to face it. Nearly a fifth of its cars are built on overtime (which would reduce the pain of layoffs in a downturn), and its new Thunderbird could be 1989's hot car. GM will be dribbling in new models all through the year, which means that most of them won't produce substantial profits until 1990, and Chrysler is eliminating seven models over a year, meaning its sales share may drop off.

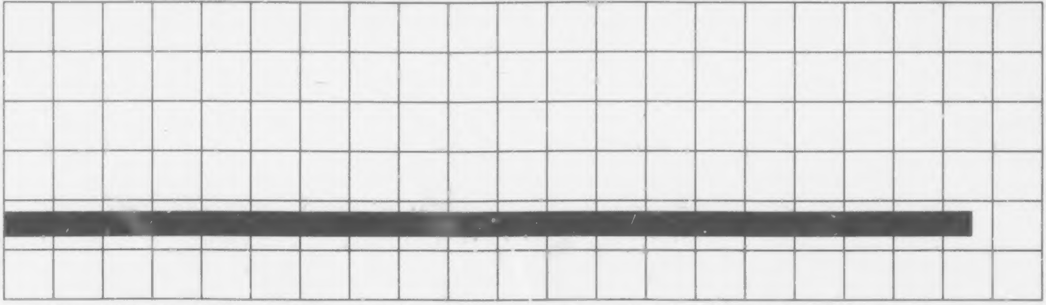
What makes the prospects look good for the U.S. companies is this: With the dollar working against them, foreign manufacturers have had to raise prices to the point where they may have to absorb most of any sales slippage that occurs next year.

Likely to remain popular, meanwhile, are pickups, vans and 4-wheelers. And coming this year are new items like GM's king-of the-hill Corvette ($30,000 and 185mph) and Ford's SHO Taurus (143mph for $20,000). With cars looking so good and going so fast, 1989 could turn out to be more buoyant for U.S. companies than even the automakers now think. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Tire and rubber													
Bandag	●/●	1	30.7%	49.9%	5.1%	14.1%	2	7.7%	17.1%	1	19.5%	19.2%	$473
Goodyear	86/83	2	15.9	25.1	175.6	4.3	3	1.1	10.0	2	12.5	–7.8	10,608
Cooper Tire & Rubber	●/●	3	15.1	16.2	27.6	4.9	1	8.4	15.1	3	4.2	24.4	730
Medians			**15.9**	**25.1**	**27.6**	**4.9**		**7.7**	**15.1**		**12.5**	**19.2**	
Industry medians			**14.3**	**14.4**	**44.3**	**3.7**		**8.4**	**11.7**		**8.1**	**20.1**	
All-industry medians			**13.0**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

The rise and fall
of corporate taxes in Georgia.



Since 1969, Georgia's corporate tax rates haven't gone up one penny. We don't know of another state that can say the same. And how many states do you know of that went to business and asked for guidance in restructuring their tax systems? Georgia did in 1971. The result was a zero-based budget that has allowed us to increase our quality of life every year–without raising corporate taxes.

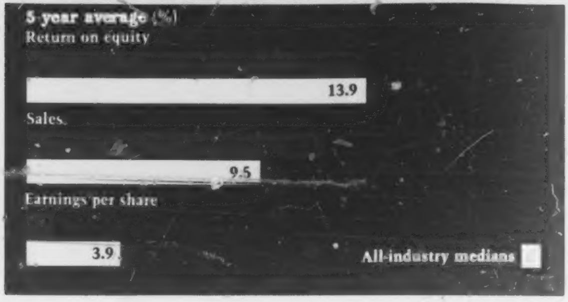
Yet Georgia is still able to invest a billion dollars over the next three years in a statewide education reform program that is one of the most comprehensive in American history. And we pioneered a one-stop environmental permit process that helps companies get started in just 90 days.

So before you bet your company's future on the promise of a new location, look into Georgia. The State of Business Today.

Write the Georgia Department of Industry and Trade, Dept. FBS, 230 Peachtree St., N.W., Atlanta, GA 30303. Or call 404-656-9306.

GEORGIA
The State of Business Today

BANKS AND THRIFTS



The profit statements were lovely last year, but how much trouble lurks in the loan portfolios? Plenty.

By Tatiana Pouschine

FOR THE NATION'S BIG money-center banks, which collectively account for 28% of the lending of all U.S. banks, earnings rebounded spectacularly after 1987's losses, and stock prices jumped 31%, or roughly three times the rate of gain experienced by the Standard & Poor's 500 stock index.

Running a big money-center bank, nevertheless, will not soon again be a graceful way to grow old. Over 40% of all

Yardsticks of management performance	**Profitability**					**Growth**						**Sales**
	Return on equity					**Sales**			**Earnings per share**			
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Multinational												
JP Morgan & Co	1	14.3%	19.7%	57.4%	13.2%	7	1.2%	12.5%	1	–18.2%	500 + %	$7,351
Bankers Trust NY	2	13.9	26.2	73.8	12.3	3	4.9	17.1	3	–51.2	D-P	6,050
Bank of Boston	3	12.6	11.7	84.1	4.0	2	9.6	20.3	2	–33.5	51.6	4,927
Irving Bank	4	6.4	8.1	53.8	3.2	9	–0.4	12.2		NM	500.0 +	2,389
Chemical Banking	5	6.3	44.5	78.3	9.3	4	3.6	22.7		NM	D-P	7,461
Chase Manhattan	6	5.9	26.8	153.4	8.1	6	1.6	13.9		NM	D-P	11,621
Citicorp	7	4.1	def	255.7	5.8	1	9.7	13.8		NM	D-D	29,996
Manufacturers Hanover	8	2.9	27.5	276.2	6.9	5	1.7	8.1		NM	D-P	8,183
First Chicago	9	1.3	17.2	51.6	5.9	8	0.1	18.7		NM	D-P	4,749
BankAmerica	10	def	14.6	103.8	4.3	10	–6.3	–5.4		NM	D-P	9,749
Continental Illinois	11	def	def	60.2	def	11	–14.9	8.7		NM	D-D	2,899
Medians		**5.9**	**17.2**	**78.3**	**5.9**		**1.6**	**13.8**		**NM**	**NM**	
Northeast												
State Street Boston	1	19.8%	18.8%	25.4%	10.5%	6	10.9%	20.2%	2	11.9%	9.5%	$861
Fleet/Norstar Finl	2	17.4	14.6	77.3	8.6	2	18.9	13.0	5	6.5	–7.2	2,768
KeyCorp	3	15.8	12.2	48.2	7.2	1	31.0	23.0	3	10.1	–15.5	1,246
Shawmut National	4	15.7	14.7	45.6	8.2	4	13.2	18.9	4	8.9	26.1	2,697
BayBanks	5	15.6	16.7	9.4	9.5	5	12.3	19.3	1	13.4	16.8	879
Bank of New England	6	15.2	15.5	32.7	7.3	3	18.6	24.5	6	2.1	18.1	3,064
Bank of New York	7	15.1	17.4	46.7	8.9	8	7.4	14.3	7	0.4	106.0	2,292
Republic New York	8	13.5	12.1	98.3	7.2	7	7.7	28.4	8	–19.4	235.2	1,969
Medians		**15.6**	**15.1**	**46.2**	**8.4**		**12.7**	**19.8**		**7.7**	**17.4**	
Mid-Atlantic												
CoreStates Financial	1	20.4%	16.9%	56.3%	11.2%	6	13.5%	9.7%	5	11.2%	14.9%	$1,563
Sovran Financial	2	18.2	17.9	33.9	10.8	5	14.4	18.0	4	12.9	10.0	2,180
Midlantic	3	17.9	17.2	19.8	11.5	3	15.3	17.2	7	8.8	29.1	1,753
PNC Financial	4	17.3	16.5	15.2	10.0	2	15.7	64.7	9	7.4	0.2	3,495
Crestar Financial	5	16.2	13.4	26.1	7.7	8	12.9	10.2	10	4.1	17.6	990

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Yardsticks of management performance	Profitability					Growth						Sales
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
United Jersey Banks	6	16.0%	16.5%	11.3%	11.4%	11	9.8%	30.8%	3	15.0%	8.0%	$964
Dominion Bankshares	7	15.7	15.5	25.3	9.4	4	14.5	23.2	1	18.1	1.4	853
Signet Banking	8	15.1	25.9	38.9	11.4	10	12.1	23.9	11	–2.7	364.3	1,239
Meridian Bancorp	9	15.0	12.0	17.3	8.7	1	19.7	38.2	8	8.8	–26.3	1,042
MNC Financial	10	14.7	17.6	36.0	8.7	7	12.9	26.3	2	15.3	18.3	1,888
First Fidelity Bncp	11	13.5b	11.2	33.0	6.5	9	12.1	16.0	12	–15.1d	–4.0	2,721
First Maryland Bncp	12	11.9	12.1	50.1	8.3	12	8.8	10.3	6	9.0	17.4	636
Riggs National	13	10.2	7.0	64.3	4.3	14	3.7	15.8	13	–34.6	79.3	531
Mellon Bank	14	def	def	152.1	def	13	7.5	–1.6		NM	D-D	3,181
First Pennsylvania	15	def	15.5	36.6	6.3	15	–2.6	9.1		NM	D-P	574
Medians		**15.1**	**15.5**	**33.9**	**8.7**		**12.9**	**17.2**		**8.8**	**14.9**	
North central												
Old Kent Financial	1	18.8%	17.6%	13.4%	11.3%	5	13.8%	19.1%	2	15.9%	16.2%	$623
First of America Bank	2	17.3	13.9	16.2	10.0	10	10.7	21.5	1	16.4	6.0	853
Banc One	3	16.9	18.5	17.2	12.7	6	13.4	33.0	3	13.6	42.6	2,523
Marshall & Ilsley	4	15.9	16.2	37.1	11.3	7	13.3	14.8	6	10.0	15.5	635
National City	5	15.5b	15.1	20.1	8.5	3	17.3	10.8	8	6.6d	17.4	2,136
Boatmen's Bancshares	6	15.3	12.2	22.9	9.4	1	32.7	3.8	12	2.8	–1.0	859
Indiana National	7	14.4	13.1	13.6	8.9	8	11.3	11.7	13	1.2	39.1	521
Society	8	14.2	15.1	27.2	10.3	4	17.2	8.5	4	13.0	10.2	940
Huntington Bcshs	9	13.3	13.7	27.7	8.2	9	10.8	14.1	10	4.9	15.0	857
Trustcorp	10	12.9	14.7	19.0	9.9	2	26.8	27.0	9	5.4	33.6	571
NBD Bancorp	11	12.5	16.3	27.5	10.3	12	8.3	11.1	5	12.2	34.5	2,096
Commerce Bcshs	12	12.4	13.4	18.0	10.3	14	6.4	2.8	11	4.7	25.5	465
First Bank System	13	12.3	11.4	98.4	6.5	13	7.4	–2.0	15	–8.4	160.7	2,407
Comerica	14	12.0	19.4	41.0	10.7	17	5.0	9.2	7	9.3	69.4	1,010
Manufacturers Natl	15	11.3	9.2	13.5	5.2	15	5.6	17.4	16	–16.7	–9.7	885
Mercantile Bancorp	16	9.6	2.8	28.2	1.7	18	3.8	2.4		NM	D-P	672
Michigan National	17	8.4	17.2	7.7	8.9	19	2.7	16.7		NM	34.0	1,011
AmeriTrust	18	8.3	12.0	28.8	8.8	11	9.6	11.8		NM	500.0+	1,015
Centerre Bancorp	19	7.3	7.1	30.5	4.7	22	–3.2	4.3	14	–7.8	35.8	513
First Wisconsin	20	7.2	16.8	33.3	8.7	16	5.2	12.2		NM	D-P	769
Norwest	21	5.7	19.4	168.4	8.4	20	1.6	2.5		NM	D-P	2,400
Northern Trust	22	3.2	6.4	36.0	3.4	21	1.0	18.7		NM	D-P	941
Medians		**12.5**	**14.3**	**27.3**	**8.9**		**8.9**	**11.8**		**3.7**	**34.3**	
Southeast												
First Union	1	23.4%	16.7%	34.3%	10.5%	2	19.1%	3.2%	1	19.6%	1.1%	$2,808
First Wachovia	2	19.0	16.7	12.4	11.4	11	8.3	11.7	7	12.5	15.6	1,948
Barnett Banks	3	18.5	16.9	27.9	8.8	1	23.7	17.9	3	14.7	21.3	2,513
SouthTrust	4	18.5	16.4	35.0	11.1	9	12.9	23.4	4	14.5	9.7	595
SunTrust Banks	5	17.4	18.0	28.6	10.8	8	13.0	11.9	5	13.8	17.8	2,791
Citizens & Southern	6	17.2	17.9	33.2	9.9	7	14.0	12.6	6	12.6	32.4	2,031
NCNB	7	16.3	13.3	25.9	7.4	3	19.1	16.6	11	6.8	–2.9	2,755
South Carolina Natl	8	16.0	15.3	15.3	10.2	4	16.7	11.9	2	16.4	6.4	533
Florida Natl Banks	9	15.9	8.3	25.9	5.1	6	15.0	13.8	10	7.2	54.3	744
AmSouth Bancorp	10	15.3	13.1	25.2	8.5	10	11.2	27.7	8	9.6	–17.1	761
First American	11	14.9	8.9	5.6	6.3	5	15.1	20.1	9	9.0	–30.1	669
First Tennessee Natl	12	14.6	11.9	36.2	6.8	12	7.3	8.0	12	5.7	–13.7	593
Southeast Banking	13	11.9	18.8	35.8	10.2	13	6.6	11.6	13	–4.5	500.0+	1,251
Medians		**16.3**	**16.4**	**27.9**	**9.9**		**14.0**	**12.6**		**12.5**	**9.7**	
South central												
Premier Bancorp	1	6.3%	def	23.7%	def	2	12.2%	–13.7%		NM	D-D	$397
MCorp	2	1.6	def	177.7	def	1	13.6	–7.1		NM	D-D	1,692
Texas American Bcshs	3	def	def	NE	def	3	0.5	–8.5		NM	D-D	482
Medians		**1.6**	**def**	**23.7**	**def**		**12.2**	**–8.5**		**NM**	**NM**	
Western												
Bancorp Hawaii	1	16.9%	20.3%	13.8%	13.1%	3	7.4%	17.6%	2	9.5%	39.4%	$557
Security Pacific	2	13.0	13.3	205.5	5.3	1	11.1	13.1	6	–55.0	116.9	8,145
US Bancorp	3	12.6	12.6	66.3	8.1	2	10.1	27.9	3	8.3	–1.1	1,330
Wells Fargo	4	11.8	20.4	119.8	10.2	4	7.4	7.3	4	–17.8	D-P	4,786
Union Bank	5	9.9	13.4	13.2	7.7	7	4.0	7.9	1	21.5	26.4	615

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multinational banking now involves doing business for fees or trading profits—investment banking, assisting in the sale of assets, foreign exchange and securities trading—rather than the simpler business of living off interest rate spreads.

The rewards in currency and exchange trading can be huge—as can the losses, of course. At Bankers Trust, for example, a record-breaking $258 million in foreign exchange profits in the last quarter of 1987 turned into $19 million of losses in the first quarter of this year.

For large and small banks 1989 holds at least two significant potential dangers: residential real estate and construction, which could be hard-hit in the next recession. Allerton Smith, an analyst with First Boston, notes that residential loans in the last five years have climbed to 40%, from 34%, of all loans. Among big lenders (over $5 billion in assets) with large exposures in construction loans: Riggs National, Signet, Bank of New England, Bank of Boston and Wells Fargo.

Some regional banks are already feeling the pinch. South

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Valley National		6	9.4%	2.8%	50.7%	1.5%	5	6.7%	5.3%		NM	88.6%	$1,126
United Banks of Colo		7	8.8	4.3	16.1	3.3	6	5.6	6.7		NM	D-P	557
First Interstate Bncp		8	6.4	def	156.5	def	8	3.2	11.4		NM	D-D	5,650
First Security		9	5.6	8.3	41.7	6.0	9	–0.3	–3.0	5	–20.5%	151.0	505
Medians			**9.9**	**12.6**	**50.7**	**6.0**		**6.7**	**7.9**		**–20.5**	**88.6**	
Thrift institutions													
CenTrust Savings Bank	●/●	1	150.6%[b]	6.7%	388.4%	4.1%	6	30.7%	28.0%	19	–79.5%[c]	D-P	$923
Western S&L	●/●	2	69.6	1.3	98.1	1.2	16	18.6	14.4	4	37.0[d]	–94.6%	676
Golden West Finl	●/●	3	39.2	16.4	63.9	9.7	31	11.3	3.8	8	23.8[d]	–23.5	1,338
Columbia S&L Assn	●/●	4	35.8	1.1	90.3	1.2	1	61.9	–2.1	11	17.1	–95.0	1,205
American Continental	69/86	5	34.3	41.2	500.0+	def	10	24.1	–4.8	14	10.6	123.7	696
Homestead Financial	●/●	6	31.8	def	480.3	def	4	44.3	–10.3	10	17.4	P-D	475
Fin Cp Santa Barbara	●/●	7	27.3	5.6	500.0+	0.6	23	15.9	4.9		NM	–68.9	489
Fuqua Industries	33/32	8	25.0	35.0	70.9	12.7	39	3.1	20.6	12	14.3	147.9	904
First Federal Mich	●/●	9	20.8[b]	4.9	33.8	1.7	15	19.8	–8.0	13	14.0[d]	–74.6	1,113
CityFed Financial	●/●	10	18.8	def	159.2	0.2	24	15.6	–12.2	18	–30.0	D-D	1,036
Kinder-Care	NA/NA	11	18.2	10.1	169.6	4.5	5	34.4	64.1	9	19.2	–11.4	779
HF Ahmanson	●/●	12	15.7	10.3	48.6	5.6	35	7.2	20.9	5	30.8[d]	–27.0	3,253
Gt Western Financial	71/●	13	14.9	10.4	55.6	6.6	12	23.4	–28.4	7	27.0[d]	–32.5	3,044
Southwest Gas	29/NA	14	14.8	13.8	116.1	8.0	37	4.7	18.9	15	9.2	16.0	524
Pinnacle West	33/NA	15	13.9	8.2	121.7	13.3	36	4.9	8.2	16	–1.0	–30.4	1,404
CalFed	87/●	16	13.6[b]	11.6	15.9	5.4	22	16.0	14.9	1	74.0	–13.0	2,757
Washington Mutual	●/●	17	13.3[b]	11.0	83.0	6.2	26	14.7	7.0		NM	–57.1	564
Gt Am First Savings	●/●	18	12.5[b]	6.6	134.8	2.8	9	25.4	8.3	3	51.1[d]	–61.0	1,511
Home Federal S&L	●/●	19	12.3[b]	12.4	47.1	7.2	25	15.0	23.5	6	27.1[d]	6.2	1,491
GlenFed	●/●	20	10.4[a]	15.5	54.6	6.3	13	22.4	11.1	2	66.4[c]	23.7	2,404
Gibraltar Financial	●/●	21	8.8	def	171.2	def	19	16.8	44.3		NM	D-D	1,457
American Capital	●/●	22	7.5[b]	def	500.0+	0.5	3	52.9[c]	12.6		NM	P-D	605
Northeast Savings FA	●/●	23	6.4[b]	def	89.8	def	17	18.0	19.1		NM	P-D	692
Imperial Corp of Am	●/●	24	5.6	15.0	500.0+	3.6	20	16.2	4.6		NM	–23.7	1,123
Atlantic Financial	●/●	25	4.7[b]	6.4	159.2	1.6	7	28.2	14.9		NM	D-P	764
Florida Federal S&L	●/●	26	def[b]	def	153.1	def	30	11.9	–8.7		NM	D-D	459
Meritor Financial	●/●	27	def[b]	def	236.2	def	27	14.5	–6.0		NM	D-D	1,681
United Financial	●/●	28	def	NE	NE	def	8	25.4	–21.2		NM	D-D	535
AmeriFirst Bank	●/●		NA	def	129.6	def	40	0.4	4.9		NM	P-D	428
Anchor Savings Bank	●/●		NA	def	40.3	def	11	23.5	4.9		NA	NA	724
Benj Franklin S&L	●/●		NA	8.7	64.8	2.8	38	3.5[d]	11.8		NM	NA	514
Coast S&L Assn	●/●		NA	11.3	71.0	3.9	18	17.5	29.2		NM	–7.0	1,292
Commercial Federal	●/●		NA	1.1	69.5	0.3	14	20.0	35.1		NA	–92.0	594
CrossLand Savings FSB	●/●		NA	12.6	43.1	8.0	32	11.3	32.4	17	–2.3[c]	–18.0	1,307
Dime Savings Bank FSB	●/●		NA	8.1	66.2	5.0	33	10.1	22.1		NM	NA	1,053
Empire of America	●/●		NA	def	284.8	def	21	16.1	8.0		NM	D-D	1,057
Goldome	●/●		NA	def	1.1	def	28	13.9	1.1		NA	NA	1,421
People's Bank	●/●		NA	0.0	0.0	5.7	34	8.2[d]	7.1		NA	NA	557
Standard Fedl Bank	●/●		NA	16.3	0.7	6.8	2	54.5	6.3		NM	NA	848
Talman Home Federal	●/●		NA	8.5	9.7	4.7	41	–6.6	0.4		NA	NA	539
TCF Financial	●/●		NA	def	17.9	def	29	12.9	–0.8		NM	P-D	578
Medians			**14.4**	**6.6**	**83.0**	**2.8**		**16.1**	**8.0**		**–54.8**	**–59.1**	
Industry medians			**13.9**	**12.5**	**41.3**	**6.8**		**12.1**	**12.2**		**1.2**	**15.0**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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central and northeast regionals showed a decreasing or negative 12-month return on equity during 1988, largely because of real estate problems. Overbuilding of condominiums in Boston and of office space in Connecticut hurt New England lenders. The Southwest continues to suffer from plunging real estate prices, caused by the energy collapse.

The time bomb still ticks in the savings and loan situation. About 500 thrifts are already technically insolvent, representing $300 billion in assets. To bail them out, Congress must raise between $50 billion and $100 billion. Unfortunately, while Congress drags its feet, the thrifts dig themselves in even deeper. Expect some major debates about who will pay: the taxpayer, the healthy thrifts or commercial banks.

Meanwhile, for the banking system, despite the rosy profits, questions remain about the underlying assets. In Texas last year, seemingly sound banks turned out to be insolvent upon closer examination. Are there other First RepublicBanks in the U.S. banking system? One can't be sure. ■

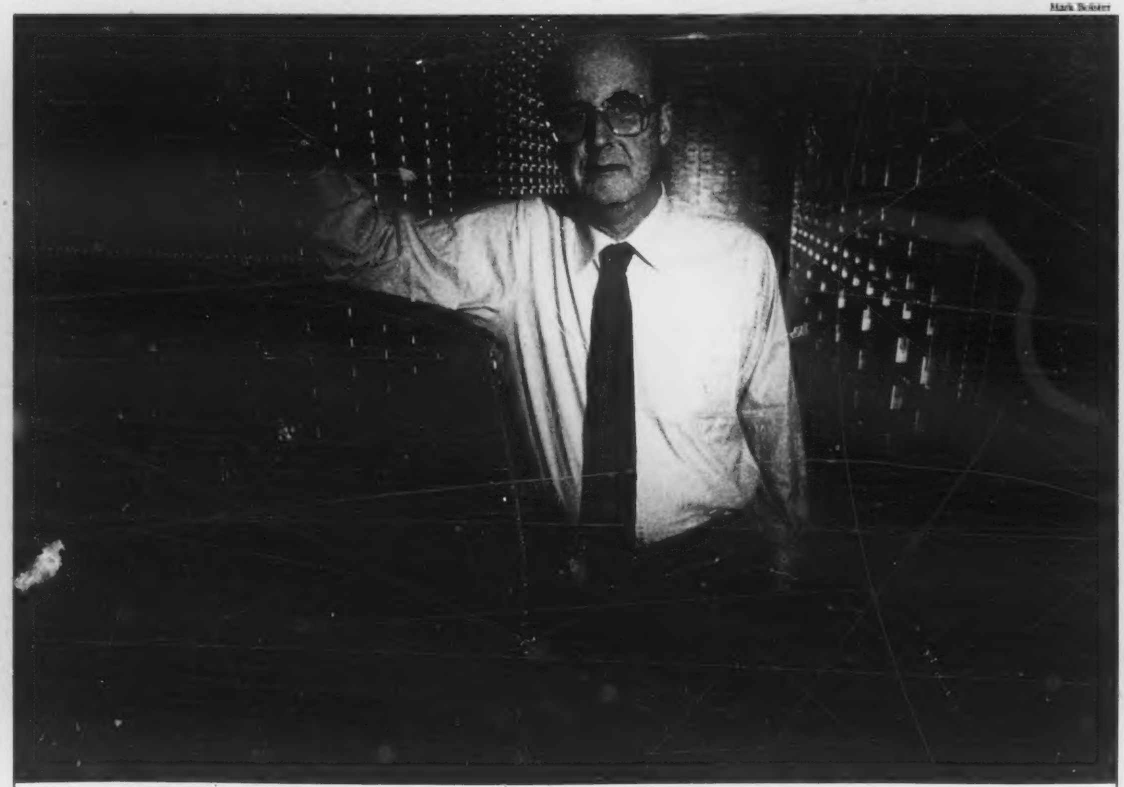
Selling your problem to others

Frank Cahouet, 56, accepted a tough assignment when he agreed to chair Pittsburgh-based Mellon Bank in June 1987. His most urgent problem: a rapidly growing bad loan portfolio that already exceeded 8% of total loans. Only two other banks among Mellon's 24 superregional peers looked worse: Texas-based MCorp and now defunct First RepublicBank.

Cahouet, who learned his banking at Security Pacific, took a novel approach. To rid Mellon's balance sheet of its problem loans fast, Cahouet in effect simply "sold" them. Altogether he marked down almost $1 billion in largely nonperforming real estate and energy loans to $577 million, and used them to create the portfolio of a new bank to be known as Grant Street National Bank. Grant Street will liquidate itself as it collects on or sells the assets acquired from Mellon. Mellon, meanwhile, remains a smaller but healthier institution, with problem loans down to 4.4% of total loans (versus 4.3% average for comparable banks). Now Cahouet plans to focus on Mellon's strengths, among them consumer and middle-market lending, trust work ($60 billion in assets under management), data processing and investment banking.

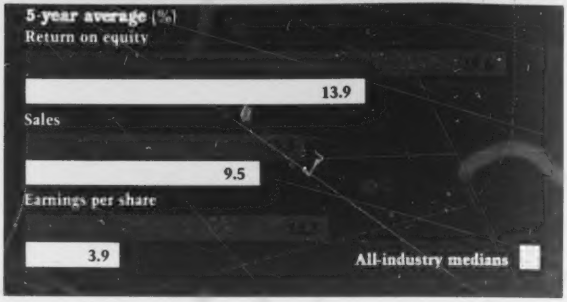
Investors, angry at an 89% stock dilution that resulted from a recapitalization plan as part of the spinoff, have punished Mellon's stock. Since July the stock fell from over 32 to its recent 25. But Cahouet is confident that 1988 losses ($166 million through the first nine months) will be transformed into the $240 million to $260 million in profits projected by analysts for 1989. Even if he's half right, Mellon is clearly turning around.

Mark Bolster



Mellon Bank Chairman Frank Cahouet

BEVERAGES AND TOBACCO



By and large, Americans are a sober lot. They greatly prefer soft drinks to beer.

By Edward Giltenan

POWERFUL BRAND NAMES make the companies on this list some of the most impressive cash machines in business. In the 12 months ended in September, they chalked up a 19.7% return on equity, almost six percentage points better than all the companies in this annual survey.

Ironic, isn't it? Tobacco companies are punished with bans on smoking in public places, litigation and a relentless barrage of antismoking publicity. And what happens? Their profits stay sky-high, enabling them to diversify against the possibility that they may one day be out of business. Philip Morris, the tobacco industry leader with 39% of the market,

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Alcoholic beverages													
Anheuser-Busch Cos	77/●	1	20.5%	24.1%	44.9%	8.0%	2	11.3%	7.8%	1	15.6%	20.2%	$8,779
Brown-Forman	67/77	2	18.8	18.8	41.6	10.8	1	14.6	–3.8	3	3.9	18.3	1,047
Seagram	●/●	3	12.3	13.3	44.9	18.2	3	9.3	24.2	2	12.3	28.7	3,258
Adolph Coors	84/●	4	6.7	4.7	0.0	3.3	4	7.6	9.6	4	–1.3	–0.8	1,461
Medians			**15.5**	**16.1**	**43.3**	**9.4**		**10.3**	**8.7**		**8.1**	**19.2**	
Soft drinks													
General Cinema	65/84	1	34.1%	19.7%	133.1%	5.0%	4	3.1%	96.5%	4	8.5%	–10.5%	$2,040
Coca-Cola	81/●	2	25.2	31.4	28.8	12.1	3	5.3	6.2	3	15.1	–0.4	8,303
PepsiCo	36/32	3	22.4	28.5	84.5	5.9	2	7.9	10.3	1	25.0	28.0	12,290
Coca-Cola Enterprises	●/●		NA	6.7	122.0	2.9	1	41.6	12.7	2	17.2	55.3	3,758
Medians			**25.2**	**24.1**	**103.2**	**5.4**		**6.6**	**11.5**		**16.1**	**13.8**	
Tobacco													
UST Inc	84/●	1	31.8%	37.4%	6.6%	25.9%	5	11.6%	10.2%	4	16.7%	28.3%	$604
Philip Morris Cos	66/80	2	28.4	33.2	70.9	9.3	1	22.1	8.0	3	20.6	31.2	24,250
Loews	15/34	3	23.9	28.7	36.6	9.2	2	16.6	16.3	2	28.2	90.6	10,151
RJR Nabisco	40/67	4	21.2	22.9	95.3	8.1	4	12.9	5.2	5	11.3	17.4	16,657
Universal	50/71	5	18.7	18.0	23.6	2.4	7	8.2	15.7	6	10.5	2.9	2,570
American Brands	46/75	6	18.6	22.3	89.9	9.2	8	4.9	17.2	8	4.5	38.4	6,640
Dibrell Brothers	66/81	7	17.9	19.0	132.1	2.0	9	–4.2	64.0		NM	D-P	565
Culbro	NA/NA	8	14.1	6.3	67.4	1.1	3	14.7	10.3	1	34.2	–70.2	843
Std Commercial	51/60	9	12.4	7.3	31.7	1.3	6	11.3	21.5	7	6.3	–19.3	822
Medians			**18.7**	**22.3**	**67.4**	**8.1**		**11.6**	**15.7**		**11.3**	**28.3**	
Industry medians			**19.6**	**19.7**	**44.9**	**8.0**		**11.3**	**10.3**		**12.3**	**20.2**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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BEVERAGES AND TOBACCO

bought Kraft for $13 billion. The move adds established names like Philadelphia cream cheese and Velveeta cheese spread to a brand name lineup that includes Miller beer and Marlboro cigarettes. Big question: Can the tobacco giant get better results from Kraft than it has from General Foods?

The U.S. is still the most profitable cigarette market in the world, but hope for volume growth lies overseas. American-made cigarettes are thriving in recently opened foreign markets like Japan, Taiwan and Hong Kong. Domestic volume will fall another 3% this year, maybe more if excise taxes rise.

Ex-smokers certainly weren't drowning their withdrawal symptoms in beer. Production last year stayed flat at about 190 million barrels. And American brewers don't have overseas markets to look to for growth because there they face entrenched local competition. Domestic market share, then, is essential. Anheuser-Busch still dominates with a 40% share, its grip as tight as ever.

Last year's hot product was draft beer in a bottle. Philip Morris' Miller brewing unit's Genuine Draft led the way. Adolph Coors renamed its Banquet brand to Coors Original Draft. But the new products seem to merely cannibalize the older products, and volume will probably remain flat in 1989. It could decline if excise taxes are hiked.

Soft drinks clearly remain the favorite drink for Americans; by 1990 they will represent a quarter of all the beverages we consume. The average American now downs about 44 gallons of the stuff each year. Domestic growth of soft drinks last year was 5%, to almost 5 billion cases, sparked by price wars between Coca-Cola and PepsiCo. Together these two giants control 90% of the cola market, which accounts for 65% of the entire soft drink business. With raw material costs on the rise again, there may be less discounting this year. But prices could stay relatively stable, especially if the two soda giants continue to buy bottlers. Thus the big two should have little trouble maintaining profit margins even in the face of rising costs. ■

Break up or build up?

Tell William Alley that American Brands is a popular breakup candidate and he shrugs: "If I spent my time worrying about that, I wouldn't be doing my job." Make no mistake, though: Bill Alley worries a lot about keeping his company independent at a time when similar companies are falling to predators. When Donald Kelly's E-II Holdings made a run at American Brands last winter, Alley counterattacked and took over E-II. He then folded E-II's hardware and office product businesses into existing American Brands divisions, and unloaded the rest of the company on Meshulam Riklis.

But while fending off raiders, Alley has not lost sight of his primary strategy: focusing the company on office products, insurance and spirits. And reviving its moribund tobacco business.

Once the country's top cigarette maker back in the days when unfiltered Lucky Strikes were a major brand, American Brands now holds just 7.2% of the market. But under Alley last year, it increased market share for the first time in recent memory.

Malibu became one of the top low-priced brands. American Lights were a hit in Japan. American Brands' Gallaher subsidiary is now the top cigarette manufacturer in Britain, increasing its market share to 40%. More important, Alley supported his brands by doubling domestic media advertising in the first half of 1988.

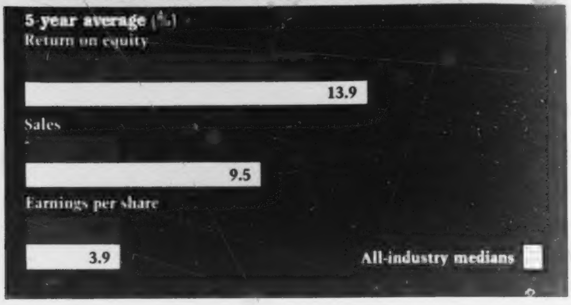
Alley, a former insurance salesman, is concentrating on markets he can dominate. For instance, American Brands now sells 5 of the top 20 brands of liquor, including Gilbey's gin, Jim Beam bourbon, Windsor Canadian Supreme Whisky and DeKuyper cordials.

At 56, or 9 times estimated 1989 earnings of about $6.10 a share, the company's stock looks cheap against the market as a whole. This is a company that has plenty of room to improve. Bill Alley may be just the man to get it moving. If he fails, there are still plenty of predators willing to take a shot.

Gary Sigman

William Alley of American Brands

CHEMICALS



This year the chemicals won't show the large gains they did in 1988, but 1989 still looks like yet another good year.

By Ruth Simon

FOR MAKERS OF COMMODITY CHEMICALS, 1988 was the year everything went right. Prices on oil, one of their key raw materials, were lower, while strong demand boosted operating rates to 86% of capacity, the highest level since 1973. Some chemical plants were running flat out at 100% of capacity, giving producers plenty of room to push through price increases. Says Chemical Manufacturers Association economist Allen Lenz: "This was a vintage year."

Industrywide, earnings jumped more than 40%, according to Leonard Bogner, Prudential-Bache senior chemical analyst. That allowed many chemical makers to top their strong performances of the previous two years. Standouts included Dow Chemical, whose earnings for the full year should double, and Quantum Chemical, which should post a 260% gain for the year, based on continuing operations. Many specialty makers also posted solid returns.

Not as many big chemical operations went on the block as in 1987, but those that did fetched hefty prices. General Electric paid over $2 billion for Borg-Warner's plastics subsidiary, about 12 times free cash flow. Occidental Petroleum shelled out more than $2 billion in cash and debt assumption for privately owned Cain Chemical, giving dealmaker Gordon Cain an astounding $100 million profit on a mere $2 million initial investment. The spate of new public offerings begun in 1987 also continued in 1988, adding Rexene, Sterling Chemicals and IMC Fertilizer Group to our list.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Diversified													
Valspar	●/●	1	21.1%	21.9%	50.0%	3.9%	1	26.2%	17.5%	6	17.1%	6.6%	$484
Hercules	43/56	2	19.8	7.5	21.2	5.5	12	1.2	2.9	2	34.5	–76.6	2,731
A Schulman	●/●	3	19.5	22.1	6.6	4.6	3	12.4	28.9	5	18.1	39.8	598
Rohm & Haas	●/●	4	17.2	21.4	27.7	9.1	8	3.6	15.5	7	15.3	23.4	2,472
FMC	47/70	5	14.5^b	NE	NE	3.0	15	–2.9	6.5	1	42.2	–40.2	3,261
Univar	●/●	6	12.7	15.3	108.6	1.2	2	16.9	23.8	10	–12.1	134.7	1,220
American Cyanamid	47/41	7	12.1	16.2	26.5	6.7	11	3.1	10.4	8	12.7	15.6	4,514
EI du Pont de Nemours	43/68	8	11.6	15.1	20.6	6.6	13	0.0	11.0	9	12.2	27.3	32,249
Dow Chemical	41/40	9	11.5	36.9	47.1	13.3	10	3.5	27.1	4	22.6	103.6	15,980
Union Carbide	89/●	10	10.5	41.0	205.5	6.5	17	–6.8	20.5		NM	180.4	8,030
Quantum Chemical	73/75	11	10.3	35.6	165.7	11.1	5	4.4	32.0	3	24.2	83.1	3,122
Monsanto	68/●	12	8.6	15.6	36.5	7.1	9	3.5	12.2		NM	54.8	8,258
Pennwalt	74/74	13	7.4	10.7	41.8	4.8	6	3.7	–5.4		NM	12.9	1,061
Olin	64/54	14	4.6	13.7	57.4	4.3	14	–0.7	19.3		NM	43.4	2,188
BF Goodrich	80/●	15	def	17.7	30.8	7.3	16	–6.6	13.1		NM	120.1	2,366
Aristech Chemical	●/●		NA	41.6	31.0	14.4	4	5.8	22.9		NA	160.2	1,049
Henley Manufacturing	77/78		NA	0.0	0.0	7.2	7	3.6	3.5		NA	NA	636
Medians			**11.6**	**16.2**	**31.0**	**6.6**		**3.5**	**15.5**		**12.7**	**41.6**	

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Earnings aren't likely to continue to grow at last year's torrid pace, but many chemical makers are betting that the current cycle isn't over yet. "We're taking considerable momentum into the new year," says Dow President Frank Popoff. He believes that the restructuring of the mid-1980s has left chemical makers better positioned to maintain their profitability than they were a decade ago, when earnings gains were short-lived. The health of domestic manufacturers is also a plus: They now account for 50% of industry sales.

Recession fears aside, the biggest threat to chemical makers' prosperity is their penchant for overbuilding during periods of strong demand. Dow, Quantum and Phillips Petroleum have announced new ethylene plants, and other companies are considering new facilities as well. Not all the plants under consideration will materialize, and those that do aren't likely to begin producing for at least three years. But the chemical industry could pay for some of its current prosperity when these new operations start up in 1992. ■

Hitting the buzz saw

For St. Paul's H.B. Fuller Co., 1988 was the year the music stopped. "We had 11 or 12 just glorious quarters," says Tony Andersen, president of the $685 million (sales) maker of adhesives, sealants and coatings. "Then we hit the buzz saw of increasing raw material costs." Result: Fuller's stock lost nearly one-third of its value in just one week when it reported lower second-quarter earnings. For the fiscal year ended Nov. 30, earnings fell 14%, to an estimated $2.30 per share. But Fuller's troubles shouldn't last long. Look for earnings to pick up later this year as raw material prices begin to flatten.

Much of Fuller's trouble can be traced to ethylene, which jumped from 18 cents per pound in the fall of 1987 to a recent price of 34 cents per pound. That was good news for many chemical makers, but not Fuller. Polyvinyl alcohol and other ethylene derivatives account for 40% of its raw material costs, and the company had trouble passing higher prices to its customers.

Another problem was Latin America, normally the source of 30% of profits. Fuller bought a Panamanian paint plant in March, one month before President Reagan attempted to oust Panamanian General Manuel Noriega. The plant's output plummeted 75% as Panama's economy unraveled, costing Fuller $1.5 million.

Fuller isn't out of the doghouse yet, but this year looks brighter. "Ethylene costs should start to moderate sometime in late 1989," says Smith Barney chemical analyst James Wilbur, who figures Fuller should earn $2.60 per share in fiscal 1989. Also helping out will be higher operating rates in Panama.

Andersen is optimistc. "We're confident we'll have a good year next year," he says, "assuming no other things happen to the world."

Layne Kennedy

H.B. Fuller's Tony Andersen

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Specialized													
Himont	●/●	1	26.3%[b]	30.6%	4.4%	20.7%	11	8.3%[c]	48.0%	1	28.5%[c]	42.8	$1,597
Morton Thiokol	53/72	2	20.4	15.8	15.6	6.6	4	16.4	18.2	16	3.9	9.5	2,414
Intl Flavors & Frags	●/●	3	20.1	19.1	0.0	15.1	8	10.5	17.6	11	9.2	22.8	838
Nalco Chemical	●/●	4	20.0	22.3	19.2	10.4	19	5.0	20.3	15	3.9	35.1	963
Great Lakes Chemical	●/●	5	19.6	23.8	3.6	17.0	2	18.8	30.1	7	16.9	93.2	549
Vista Chemical	●/●	6	19.6[a]	72.2	151.1	15.9	16	5.0	28.3		NM	D-P	781
Sherwin-Williams	35/56	7	18.7	18.4	14.6	5.3	29	–2.3	10.1	4	18.6	–8.0	1,909
Ethyl	45/60	8	17.8	23.6	55.6	11.5	25	–0.2	19.9	2	23.3	24.8	1,967
Loctite	●/●	9	17.6	23.3	19.2	10.5	10	8.4	18.9	8	14.7	35.6	429
Vulcan Materials	32/17	10	16.8	24.3	10.0	13.4	17	5.0	0.2	6	18.2	36.3	1,032
Freeport-McMoRan	57/33	11	16.5	31.9	90.6	16.8	9	9.4[d]	26.6	13	8.4	37.8	1,843
Witco	●/●	12	16.0	10.8	43.9	4.1	24	1.0	13.4	9	11.5	–4.5	1,570
HB Fuller	●/●	13	15.7	14.4	56.4	3.6	7	10.9	12.6	3	19.5	–0.8	657
Dexter	50/42	14	15.3	12.8	31.1	4.6	12	7.3	10.7	14	8.1	–6.8	825
GAF	52/82	15	15.0	16.8	83.6	9.4	18	5.0	16.7		NM	10.8	946

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Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
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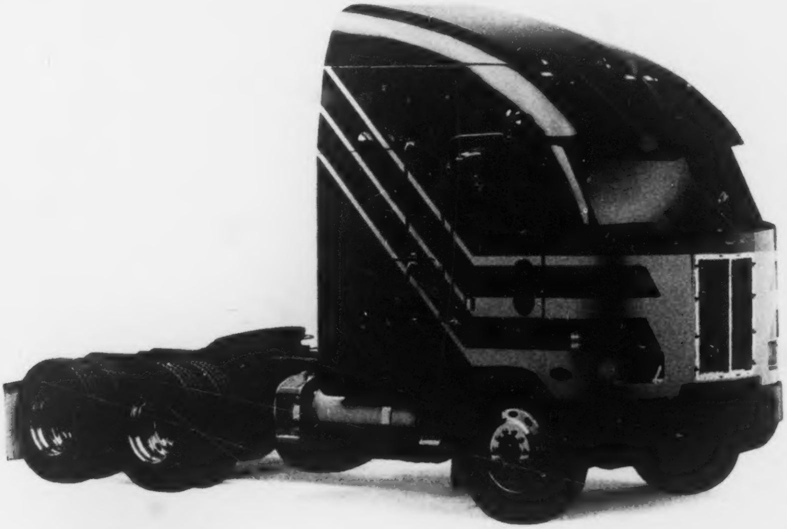
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Lubrizol	●/●	16	14.0%	11.3%	8.8%	6.4%	15	5.4%	10.0%	12	9.1%	−13.0%	$1,092
Engelhard	29/80	17	11.7	7.8	16.2	2.4	22	3.4	−2.8	19	−3.1	−24.1	2,384
DeSoto	77/71	18	11.5	3.0	47.7	0.8	21	3.7	−1.0	18	−1.9	−72.6	382
Tyler	40/55	19	11.2	13.5	334.9	3.2	23	3.3	−25.9	17	2.7	105.9	780
Air Prods & Chems	●/●	20	10.6	18.9	50.1	8.8	14	6.4	13.9	21	−18.4	37.8	2,432
NCH Corp	NA/NA	21	10.5	18.6	12.5	6.2	20	4.5	15.5	10	9.7	49.2	515
Ferro	●/●	22	10.2	16.9	22.9	4.5	13	7.0	18.7	5	18.2	48.4	981
Whittaker	42/40	23	9.4	12.6	19.9	4.9	35	−27.5	13.8		NM	−6.6	480
Cabot	56/●	24	6.4	10.6	52.0	3.7	31	−3.6	17.7		NM	59.9	1,677
Occidental Petroleum	17/34	25	6.1	5.7	117.3	1.8	30	−2.9	9.8	20	−3.2	90.3	18,522
UGI	28/DP	26	3.8	14.2	54.4	7.8	34	−10.3	0.8		NM	31.2	423
Intl Minerals & Chem	72/61	27	1.8	10.6	34.9	8.3	27	−1.0	−26.6		NM	197.4	1,264
WR Grace	62/82	28	1.8	13.5	117.5	3.6	33	−9.1	27.4		NM	D-P	5,439
Great American Mgmt	42/49	29	1.7	4.3	359.4	0.7	1	71.6	65.5		NM	500.0+	1,223
CBI Industries	42/●	30	def	3.3	74.9	1.9	5	12.4[d]	1.3		NM	215.4	1,335
MA Hanna	59/38	31	def	23.0	36.3	8.0	3	16.8	273.8		NM	D-P	997
NL Industries	63/●	32	def	NE	45.7	5.2	32	−7.1	13.8		NM	D-D	1,492
Georgia Gulf	●/●		NA	112.3	16.6	17.8	6	11.2	50.5		NA	164.1	979
IMC Fertilizer Group	●/●		NA	NA	65.0	10.2	28	−2.0[d]	21.3		NM	353.7	1,128
Rexene	●/●		NA	0.0	82.3	22.4	26	−0.3[d]	NA		NA	NA	683
Sterling Chemicals	●/●		NA	276.0	223.2	30.6		NA	69.2		NA	212.3	699
Medians			**12.9**	**15.8**	**44.8**	**7.2**		**5.0**	**16.7**		**2.7**	**37.8**	
Industry medians			**11.7**	**16.0**	**36.5**	**6.6**		**3.7**	**16.1**		**3.9**	**37.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

WHEN COMPROMISE IS OUT OF THE QUESTION



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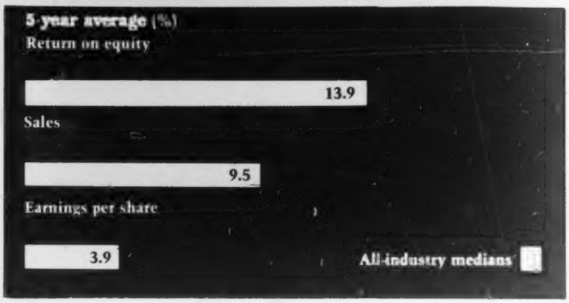


Production is up, demand is flat. Is it any wonder that the coal industry is diversifying? Diversification is where it's at.

By Kerry Hannon

FEW COMPANIES SEEM LESS dependent on the strength of the nation's coal industry than the companies on this list. Their coal-related operations in nearly all cases constituted only a fraction of overall revenues, and in most cases amounted to low-profit operations during the year. Where these companies turned profits, the earnings growth came from elsewhere.

Last year U.S. coal production topped 940 million tons, a record. But even record-breaking summer temperatures, which pushed up power consumption by air conditioners, together with an uptick in the steel industry, couldn't create enough demand to lift prices. Result: They remained soft, at around $22 a ton, down about 3% from 1987.

This year will be no better. Electric utilities, which account for nearly 90% of U.S. coal consumption, are expected to reduce their coal use by about 1.4% in 1989, partly because six new nuclear plants, some of them under construction for more than a decade, finally came on line in 1988. With steel mills becoming more efficient, demand for coking coal is likely to remain flat even if demand for steel is strong.

It's no surprise, then, that coal companies have turned to noncoal businesses for earnings. Last spring Nacco, which already has Yale, the fork-lift-truck producer, bought appliance maker WearEver-ProctorSilex for $105 million. WearEver is expected to add $1 a share to earnings.

Other companies are also diversifying. Cyprus Minerals recently bought Inspiration Resources' U.S. copper operations and a Spanish talc (magnesium silicate) producer. As a result, cash flow per share was expected to double, to $6.45, last year and net income to quadruple, to $115 million. The reason? Simple: high metals prices.

Similarly, PacifiCorp, which owns 90% of Nerco, the ninth-largest U.S. coal producer, profited from investments in electric utilities and its growing gold assets, valued at around $464 million. Montana Power continues to benefit mostly from its gas and electric utility business, servicing three-quarters of Montana.

Pittston (1988 estimated revenues, $1.5 billion) was able to

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Coal													
Nacco Industries	55/86	1	22.3%	20.0%	103.8%	7.1%	4	3.2%	14.5%	1	20.5%	16.8%	$584
PacifiCorp	21/NA	2	15.9	15.1	93.0	13.1	1	9.0	2.5	2	0.9	6.8	2,227
Montana Power	32/33	3	11.8	9.4	63.6	10.4	2	7.1	10.8	3	–7.1	30.0	720
Westmoreland Coal	88/●	4	def	def	68.0	def	5	0.7	–6.9		NM	P-D	580
Pittston	39/●	5	def	def	17.1	def	7	–8.4	24.1		NM	P-D	1,557
Cyprus Minerals	44/46	6	def[a]	13.0	10.7	10.0	3	6.7	50.7		NM	441.8	1,144
AMAX	20/PD	7	def	22.3	83.1	7.4	6	–0.8	33.3		NM	38.2	3,858
Industry medians			**def**	**13.0**	**68.0**	**7.4**		**3.2**	**14.5**		**NM**	**16.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

double its coal profits, to $30 million, last year because of increased demand from the steel industry, but any softening in steel production will simply make the contributions from two fast-growing subsidiaries all the more important. Pittston's air freight business, Burlington Air Express, acquired in 1982, now accounts for around 50% of revenues, and Brink's armored services, acquired in the early 1960s, has been enjoying steady growth. Operating earnings should reach $25 million this year, up from $1.7 million in 1984.

Finally, Westmoreland, the only pure coal play in this industry, is just nearing the break-even point. Low production costs have helped the firm grow stronger; but with coal prices weak, earnings recovery has been slow, and will likely remain so. ■

Luck and mettle

Geologist Allen Born, 55, remembers all too clearly June 1985, when he left his position as chairman of Canada's Placer Development Ltd. to take the reins of ailing mining giant Amax Inc. Within months of his arrival, the Connecticut-based company was reporting fiscal 1985 losses of a staggering $621 million on sales of only $1.2 billion. The cause? Plunging prices for molybdenum, an Amax mainstay, as well as continuing losses from a series of disappointing diversification moves by Born's predecessor, Pierre Gousseland.

But Born showed his mettle, undertaking a restructuring that in fiscal 1988 will show a dramatic 63.5% rise in profitability over 1987, with earnings of $700 million on sales of $3.9 billion. Gone are bleeding businesses like copper, lead mining, phosphate and nickel refining, and even much of the company's molybdenum business. Remaining are coal, aluminum and gold.

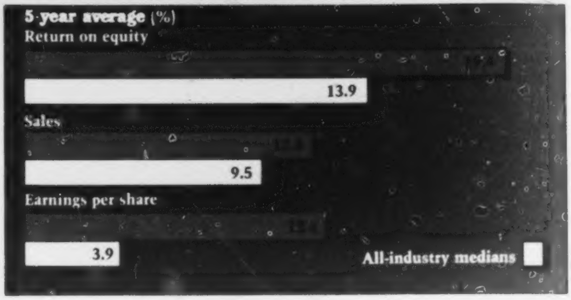
What accounts for the recovery? Partly, Amax is simply benefiting from improving commodities prices, which have been recovering since 1987. But Born also deserves credit for investing wisely to capitalize on this trend. Specifically, his 1987 decision to spend $435 million to acquire full control of Alumax, the country's third-largest aluminum producer, has since given Amax an earnings flow-through that has nearly repaid the investment. Moreover, with aluminum prices now at around double their 1987 levels, Alumax is expected to account for almost 70% of Amax' overall earnings for 1988.

Amax' long-term debt, a towering $2.4 billion shortly after Born took over, has since been cut in half and now stands at $1.1 billion. Cash flow, meanwhile, has quadrupled. Amax' return on equity for the last 12 months, 22.3%, is well above the coal industry average of 13%. Given even moderately higher demand for aluminum, along with a steady stream of earnings from the company's coal business, earnings should grow well into the 1990s.

Allen Born of Amax

Larry Barns

COMMUNICATIONS MEDIA



For much of the 1980s this was the place to be. But for how much longer?

By Lisa Guberni

OWNING A TELEVISION NETWORK used to be a license to print money. No longer. Faced with a slow-growing economy and competition coming from everywhere for advertising dollars, the networks in 1988 lost whatever luster may have lingered from earlier times. In 1988 headaches included the writers' strike, disappointing advertising revenues and one ratings flop after another. Says First Boston & Co. media analyst Richard MacDonald, "Even with the Olympics and election spending, business was disappointing, which means the underlying situation is really tough."

With viewership waning (the total network Nielsen share dropped from 47.7 in the 1986-87 season to 43.1 last year), little surprise that the price of network affiliate stations has finally peaked. Through the first nine months of 1988 the average price for a network affiliate station dropped to $23.96 million from $67.55 million in 1987. The reason? "The more valuable VHF stations are not selling at the prices asked," says Bishop Cheen, an analyst with Paul Kagan Associates.

Cable TV prices also seem to have peaked. In August, Middleburg, Va. businessman Jack Kent Cooke announced that he was putting up for sale Cooke CableVision, a 700,000-subscriber network that he had bought for $1,800 per subscriber only a year and a half before. But his asking price—

Turnaround Ted

Barely a year ago it looked as if Ted Turner had had it. The litany of his disasters seemed unending: the unsuccessful fight for CBS, the bungled bid for MGM/UA Communications, his quixotic efforts at international diplomacy through sports programming. Small wonder his Turner Broadcasting System, Inc. had wound up with $1.4 billion in long-term debt, 93% of his total capitalization.

Was Turner finished? FORBES thought not. In September we wrote that, while his onetime absolute control of Turner Broadcasting had been diluted, the enterprise itself was in a powerful position. Events proved us right. Although Turner's outfit is still running in the red, reporting a loss of $2.54 per share for the first three quarters of 1988, he has cut losses by nearly one-third, running ahead of even the most optimistic analysts' projections.

How is he slowing the flow of red ink? Cable News Network and Superstation TBS have helped a lot. Moreover, the much-derided purchase of the MGM library is proving a boon, thanks to domestic and foreign syndication sales. In the third quarter, the syndication and licensing segment of TBS posted a 57% increase in revenue, resulting in a $6 million operating profit, compared with a $7 million loss for the same period the year before.

Just as important, the film library is providing programming for the newly launched Turner Network Television cable network. The basic network offers old movies, old miniseries and original productions. The network was launched with 17 million subscribers and remains far ahead of even the most optimistic forecasts. How is Turner getting those subscribers? Having partners who are cable system operators helps, as does the fact that those operators want new options to lure nonsubscriber homes through which cable already passes.

Dennis Leibowitz, of Donaldson, Lufkin & Jenrette, values the operation at a minimum of $19.50 per share. The stock recently traded around 14. Turner Broadcasting may be a better company than the market realizes.

Douglas Kirkland/Sygma

Ted Turner of Turner Broadcasting System, Inc.

COMMUNICATIONS MEDIA

$2,800 per subscriber—has yet to be met.

Print media came under another kind of pressure during the year. The weak dollar helped foreigners such as France's Hachette SA pick up important U.S. properties. Thus Hachette paid $440 million for Grolier, Inc., a Connecticut-based textbook publisher, followed by $712 million for Diamandis Communications, Inc., owner of such magazines as *Woman's Day*, *Car & Driver* and *Popular Photography*.

Tidings in the newspaper business have been grim. After ten years of steadily climbing profits and revenues, total advertising revenues were up around 5% in 1988, as against 9% the year before, barely enough to cover the 15% increase in newsprint costs.

"Everybody except the Tribune Co. has been hit hard," says John Morton, a newspaper analyst with Lynch Jones & Ryan. What made Tribune a standout? The opening of a new Bloomingdale's in Chicago. The new department store's ad blitz was matched by the competition, helping to push the Chicago publisher's revenues up 8% over 1987.

The future? Not rosy, says John Morton. "Next year," he says, "is going to be a tough one." ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Publishing													
Western Publishing	●/●	1	58.4%[a]	18.9%	0.0%	5.2%	7	12.0%	39.3%	4	30.8%[c]	75.0%	$523
Affiliated Pubs	●/●	2	41.1	def	48.2	def	4	12.7	14.6	1	56.4	P-D	533
Commerce Clearing	57/55	3	37.5	28.9	7.4	9.1	15	9.7	9.0	11	14.1	4.5	596
Dun & Bradstreet	62/69	4	34.2	23.6	0.0	11.5	1	20.3	23.3	12	12.8	2.6	4,041
Washington Post	74/62	5	31.3	48.2	19.4	21.8	11	10.7	6.1	5	28.0	86.9	1,362
Dow Jones	81/70	6	30.2	27.7	31.5	14.7	9	11.5	32.9	9	17.1	18.4	1,607
Times Mirror	85/82	7	24.4	19.8	57.0	9.1	20	6.6	6.1	8	18.2	–6.5	3,202
New York Times	●/●	8	23.3	19.5	45.8	9.2	5	12.7	4.8	7	20.7	4.8	1,739
Jostens	22/NA	9	22.3	59.0	52.5	15.0	12	10.5	–3.4	15	10.5	91.2	564
Time Inc	60/57	10	21.8	22.6	86.6	6.4	8	11.9	8.7	6	26.4	38.2	4,438
Gannett	82/80	11	21.7	21.9	67.7	10.9	2	15.8	7.2	13	12.1	16.9	3,245
McGraw-Hill	●/●	12	21.3	21.7	0.4	10.0	19	7.6	6.5	17	7.6	20.1	1,809
RR Donnelley & Sons	●/●	13	18.9	17.0	12.3	7.2	6	12.3	15.9	10	16.1	–6.1	2,769
Harcourt Brace	53/59	14	17.4	NE	NE	5.6	3	14.0	26.5	2	47.7	D-P	1,706
Meredith	70/66	15	17.3	10.5	4.7	5.0	21	5.9	19.9	18	6.4	1.9	725
Knight-Ridder	88/●	16	17.2	17.7	58.3	7.9	16	9.1	0.2	14	10.6	10.2	2,036
Tribune	63/59	17	17.0	17.4	56.3	8.3	18	8.6	8.2	3	43.4	64.5	2,294
American Greetings	●/●	18	15.2	6.9	52.6	3.0	13	10.3	7.5	20	–5.2	–34.3	1,231
Standard Shares	23/39	19	13.2	10.8	12.7	2.3	17	9.0	16.7	16	7.8	–34.5	743
Media General	40/46	20	12.5	14.1	61.4	6.7	14	9.8	6.8	19	–3.1	115.5	748
Gulf & Western	23/21	21	9.6	17.6	61.1	7.3	22	–8.2	19.7		NM	30.4	5,073
EW Scripps	71/●		NA	5.7	86.4	2.4	10	11.4[d]	NA	21	–12.0[d]	NA	1,195
Medians			**21.7**	**18.3**	**47.0**	**7.6**		**10.6**	**8.7**		**13.5**	**16.9**	
Broadcasting/cable													
CBS	●/●	1	26.2%	93.6%	42.4%	49.0%	7	–5.1%	–15.4%	1	26.2%	206.7%	$2,779
Capital Cities/ABC	77/81	2	18.3	15.5	58.7	7.5	1	52.0	15.3	2	15.2	47.3	4,866
Multimedia	55/51	3	15.1[a]	NE	NE	4.3	6	12.3	8.4		NM	278.0	433
United Artists	32/49	4	14.1	32.5	500.0+	4.5	5	17.5	28.9	4	–16.2	500.0+	842
Tele-Communications	72/87	5	7.8	0.6	500.0+	0.3	2	37.4	50.7	3	–1.4	–90.6	2,134
Turner Broadcasting	59/51		NA	NE	500.0+	def	4	32.3	26.0		NM	D-D	775
Viacom	●/81		NA	0.0	282.4	def	3	33.2	17.9		NA	NA	1,169
Medians			**15.1**	**0.6**	**282.4**	**4.3**		**32.3**	**17.9**		**–8.8**	**127.0**	
Media services													
Ogilvy Group	●/●	1	20.1%	17.2%	21.4%	3.9%	2	17.7%	19.3%	2	12.2%	14.1%	$818
Interpublic Group	●/●	2	19.8	20.0	5.7	5.2	3	11.6	20.2	1	15.8	23.3	1,067
Omnicom Group	●/●	3	10.6[b]	19.2	55.2	4.4	4	9.8[d]	13.8		NM	45.8	882
ADVO-System	●/●	4	def[b]	def	0.0	def	1	36.1	13.2		NM	P-D	589
Medians			**15.2**	**18.2**	**13.5**	**4.2**		**14.6**	**16.6**		**NM**	**18.7**	
Industry medians			**19.4**	**17.6**	**48.2**	**6.4**		**11.6**	**14.2**		**12.1**	**18.4**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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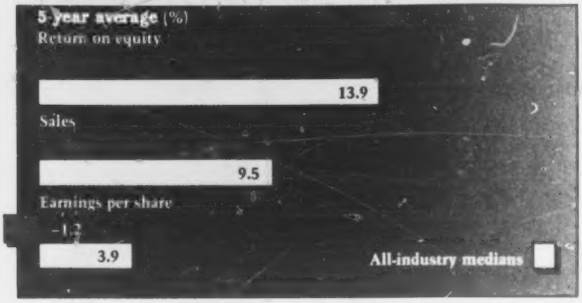
COMPUTERS AND ELECTRONICS



Is the current computer boom petering out? We wouldn't bet on it.

By Marc Beauchamp

AMDAHL, APPLE, Hewlett-Packard and Intel are reporting record profits. But the stocks lag. Intel, for example, is off nearly 40% since the summer and trades at less than ten times estimated 1989 earnings. People fear the good times won't last much longer. There are ominous signs already. In September the semiconductor industry's ratio of new orders to actual shipments, a closely watched barometer, fell below 1 for the first time in 22 months. Advanced Micro

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Computers													
Wyse Technology	●/●	1	52.4%	15.7%	66.2%	4.9%	2	150.4%	64.9%	3	93.5%	5.3%	$551
Sun Microsystems	●/●	2	46.6	22.4	31.0	5.9	1	170.3^d	95.9	1	120.6^d	57.3	1,248
Seagate Technology	●/●	3	30.5	2.2	80.1	0.7	4	75.2	35.0	6	40.2	–93.1	1,343
Compaq Computer	●/●	4	29.7^b	45.6	68.7	11.6	5	72.3^d	87.0	2	118.4^d	84.4	1,830
Cray Research	●/●	5	29.5	16.5	16.4	17.4	6	41.7	–11.0	5	51.5	–24.3	589
Intergraph	●/●	6	27.7	15.4	0.5	11.2	8	33.0	29.4	7	32.1	36.0	781
Apollo Computer	●/●	7	25.6	4.1	49.3	1.5	3	88.3	23.6		NM	–43.5	632
Apple Computer	●/●	8	22.9	46.5	0.0	9.8	9	32.3	53.0	8	23.9	86.7	4,071
IBM	●/●	9	22.1	13.7	13.5	9.2	21	9.2	6.8	16	1.1	16.5	56,755
SCI Systems	●/●	10	17.6	13.9	138.2	2.4	7	41.4	47.2	9	23.5	18.8	848
Reynolds & Reynolds	41/36	11	17.3	9.7	51.1	3.0	13	19.4	6.6	11	20.0	–12.0	600
Hewlett-Packard	78/NA	12	16.5	17.2	1.5	8.3	17	13.8	21.5	14	8.0	34.4	9,831
Prime Computer	●/●	13	16.1	9.6	107.2	3.4	16	17.6	54.7	15	7.3	–13.7	1,430
NCR	90/NA	14	15.8	20.4	4.7	7.5	20	9.6	11.3	13	13.2	28.0	6,006
Carlisle Cos	40/ 8	15	13.7	12.6	13.6	4.1	23	6.2	7.4	18	–5.4	27.7	561
Tandem Computers	●/●	16	13.1	12.4	6.8	7.2	10	25.6	27.0	10	21.8	–11.1	1,315
Amdahl	●/●	17	12.3	25.5	10.1	11.5	11	20.9	28.0	4	51.8	57.4	1,739
Digital Equipment	●/●	18	12.1	17.5	1.7	10.6	12	19.8	20.3	12	19.8	4.2	11,887
Wang Laboratories	●/●	19	9.2	5.3	31.8	2.7	14	19.3	5.7		NM	D-P	3,099
Harris Corp	28/DP	20	9.0	7.0	14.1	3.3	22	7.1	–3.5	17	–3.9	–18.6	2,042
Unisys	●/●	21	8.7	15.8	63.4	6.9	15	18.7	4.0		NM	500.0 +	9,827
Zenith Electronics	54/NA	22	4.9	def	66.7	def	18	12.6	11.3		NM	D-D	2,531
Data General	●/●	23	2.5	def	10.8	def	19	10.9	7.1		NM	D-D	1,365
Control Data	●/●	24	def	2.4	34.5	0.7	25	–0.2	8.4		NM	D-P	3,623
Datapoint	●/●	25	def	def	44.9	1.3	27	–11.9	6.0		NM	D-D	331
Storage Technology	●/●	26	def^a	8.8	136.5	2.7	26	–7.5	10.6		NM	–50.0	803
Atari	74/●		NA	18.6	58.3	4.0		NA	147.6		NA	–19.4	765
MAI Basic Four	●/●		NA	30.3	48.6	5.8	24	4.1	31.1		NM	6.6	421
Medians			**15.9**	**13.8**	**33.2**	**4.5**		**19.3**	**20.9**		**8.0**	**6.0**	

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Driven down

Wall Street has battered few high-tech companies as badly as Seagate Technology, Inc. (fiscal 1988 sales, $1.3 billion). Eighteen months ago the company's shares traded in the low 40s. Today, however, they fetch around $8 per share.

Recession fears are only partly to blame. A bigger cause was mistimed moves by Seagate's 57-year-old founder and chairman, Alan Shugart. One of the fathers of the 5¼-inch hard disk drive, Shugart founded Seagate in 1979 after a career with Memorex and IBM. In the mid-1980s he smartly moved disk drive production to Asia to cut costs. But a recent $283 million capital spending program, mostly for expansion of capacity in Singapore and Thailand, was ill-timed. As the PC market has slowed, Seagate's inventory has nearly doubled, to $313 million worth of unsold drives and components. Meanwhile, to pay for the expansion, Seagate's long-term debt zoomed from $15 million in fiscal 1986 to more than $300 million. Moreover, Shugart was slow making the change from 5¼-inch drives to the 3½-inch drive, which is now rapidly becoming the industry standard. He was also overly dependent on IBM, which is now making its own drives.

Such missteps explain why Seagate's net income for fiscal 1988, at $77 million, was down 50% from year-earlier levels. Analysts now think the company will lose $30 million in the year ending June 30.

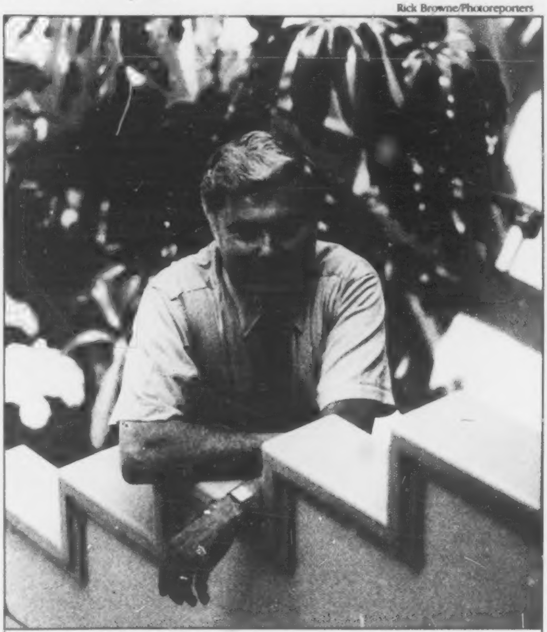
But Shugart has moved quickly. Since August he has laid off nearly 2,200 employees, cut production in Singapore by about one-third, as well as written off inventory.

This year Shugart will flesh out his new line of 3½-inch drives with offerings at both the high and low ends. He has won big new contracts from Apple and, reportedly, IBM. Balance sheet ratios will improve as expenses fall.

There is risk, of course. The 3½-inch market will doubtless be as crowded as the 5¼-inch was. Still, says David Claridge, Hambrecht & Quist's senior technology analyst, "Don't count Seagate out."

Shugart himself is not despairing: He recently bought 100,000 Seagate shares on the open market, his first purchase in four years.

Rick Browne/Photoreporters



Alan Shugart of Seagate Technology

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Electronic equipment													
Mark IV Industries	44/46	1	36.0%	23.5%	410.1%	5.0%	2	86.3%	33.2%	2	61.2%	27.0%	$443
Molex	●/●	2	34.5	20.4	1.6	11.8	4	18.2	30.2	4	13.5	37.0	529
EG&G	●/●	3	27.0	22.3	4.7	4.6	8	8.8	8.8	9	6.2	14.7	1,309
Premier Industrial	62/61	4	20.3	24.0	2.2	12.2	9	8.0	15.6	8	9.0	29.7	548
AMP	●/●	5	19.6	22.5	5.2	11.7	5	11.3	19.0	7	9.2	34.9	2,608
Thomas & Betts	●/●	6	17.1	19.7	13.0	11.4	7	10.0	22.1	5	12.3	24.0	497
Eaton	45/35	7	16.7	19.5	58.3	6.0	10	6.9	1.2	6	11.6^d	8.1	3,402
Western Digital	●/●	8	16.4	18.0	43.3	5.0	3	72.1	70.9		NM	–16.8	875
Tyler	43/17	9	11.2	13.5	334.9	3.2	15	3.3	–25.9	10	2.7	105.9	780
Corning Glass Works	25/24	10	10.9	19.3	29.4	14.1	13	5.4	6.9	3	18.7	90.5	2,118
Danaher	23/31	11	9.8	35.8	224.7	5.1	1	146.1	23.4	1	112.4^c	102.5	738
Tektronix	●/●	12	9.5	def	46.1	def	14	3.6	1.6	11	–9.4	P-D	1,413
Perkin-Elmer	58/46	13	9.2	10.6	5.1	6.2	12	6.1	–7.6		NM	D-P	1,182
General Signal	22/36	14	9.0	2.8	10.2	1.5	19	–0.1	10.5	12	–9.8	–60.3	1,719

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COMPUTERS AND ELECTRONICS

Devices, which was slow to recover from the 1984-85 chip debacle, recently laid off 2,400 people, or 15% of its work force. Then Intel conceded that it has been too bullish on the market for its new microprocessor, the 80386. National Semiconductor is expecting a "significant operating loss" in the second quarter, which ended Nov. 27.

The industry is also plagued by uncertainties regarding the so-called standards issue. Today someone buying a personal computer, say, has to decide whether to go with the new IBM OS/2, the old MS-DOS operating system or Apple's standard or to buy a machine that can run Unix. Buyers of mainframe and minicomputers face similar dilemmas.

Early in the year a shortage of powerful new memory chips, the 1-megabit DRAMS, slowed production lines at Apple, Compaq and other makers of computers and peripherals. But the shortage was good news for at least one American company, Texas Instruments, which was minting money making the chips at its Miho, Japan facility.

However, come the next recession, the industry may prove to be in better shape to weather it than many suppose. Japanese and Korean competitors have driven the lesson home to Americans that they must watch costs carefully. The industry's inventories are leaner and cash balances higher than they were going into the last downturn.

What might also help cushion any serious fall in demand is all the new products in the pipeline. Intel's 386 chip is still the heart of IBM's new PS/2 personal computer line. Motorola's new 68030 microprocessor is a hit in Apple's Macintosh IIX, and Steven Jobs has put it in his NeXT computer. Even now Texas Instruments is sending out samples of its 4-megabit memory chip.

In short, the market could well be too bearish on high-tech stocks. In the past, technology's long-term promise was often lost on Wall Street when the short term looked bleak. We are, after all, still in the early years of the computer age. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Bell Industries	63/68	15	8.0%	10.8%	16.2%	2.8%	6	10.9%	12.9%	13	–21.9%	190.1%	$433
Varian Associates	80/68	16	7.8	6.4	7.8	2.4	11	6.7	19.1		NM	29.6	1,171
Honeywell	27/39	17	5.8	6.0	32.8	1.9	16	2.5	14.0		NM	D-P	7,198
General Instrument	66/87	18	def	15.0	29.7	6.8	18	0.6	17.1		NM	D-P	1,207
Sprague Technologies	74/NA	19	def	4.2	13.9	2.7	17	1.1	12.2		NM	D-P	492
Medians			**10.9**	**18.0**	**16.2**	**5.0**		**6.9**	**14.0**		**2.7**	**34.9**	
Semiconductors													
Marshall Industries	60/NA	1	20.4%	22.0%	36.6%	4.4%	1	20.1%	51.4%	1	5.2%[d]	134.0%	$463
Motorola	32/30	2	11.2	14.1	10.6	5.4	4	11.4	21.8	2	–1.2	56.5	7,889
Avnet	77/79	3	8.4	7.6	31.4	2.8	6	6.3	15.5	3	–21.7	79.0	1,868
Advanced Micro	•/•	4	8.0	6.3	19.2	4.5	2	14.4	22.3		NM	D-P	1,140
Intel	•/•	5	7.0	31.8	23.1	14.3	3	11.9	60.9		NM	429.4	2,720
M/A-Com	NA/NA	6	4.3	7.6	45.8	4.3	9	–4.7	–2.7		NM	D-P	424
Texas Instruments	43/83	7	4.0	20.8	29.0	5.9	7	4.0	13.8		NM	25.9	6,137
Natl Semiconductor	57/64	8	def	0.9	18.5	0.7	5	9.9	38.1		NM	D-P	2,602
Arrow Electronics	•/•	9	def	def	188.9	1.2	8	3.3	64.7		NM	D-D	908
Medians			**7.0**	**7.6**	**29.0**	**4.4**		**9.9**	**22.3**		**NM**	**134.0**	
Industry medians			**11.6**	**14.0**	**29.5**	**4.7**		**10.9**	**18.1**		**–1.2**	**28.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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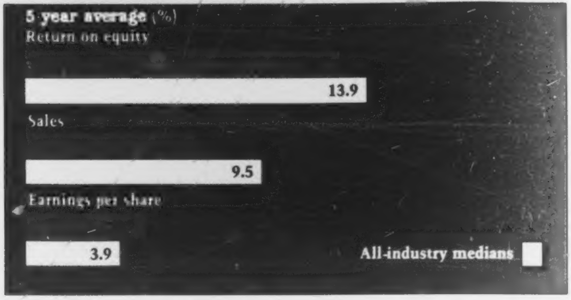
CONGLOMERATES



The remodeled winners are doing well, while the takeover plays have all but disappeared.

By Laura Jereski

COMPANIES ARE CLASSIFIED as conglomerates if they have a strong presence in four or more industries, whether because of internal diversification, like Minnesota Mining, or acquisitions, like ITT. These companies have in common only their diversification, the strategy that shapes them. Conglomerates like Household International that have since refocused don't make this list anymore. The ranks have also been trimmed by acquisitions and leveraged buyouts: Gone are Jim Walter, Insilco, Amfac and Pullman.

Does that mean these highly diversified companies are good takeover bets? Probably not. The winners successfully remake themselves on their own. Take IC Industries. Under chief executive Karl Bays, the company, renamed Whitman Corp., has lines ranging from Mexican foods to Midas auto repair shops, and last year spent $180 million in capital investment. At a recent price of around 32 a share, and a projected P/E of 17, the company looks fully valued.

Or take GATX, a former railroad supply company, which

Yardsticks of management performance	**Profitability**					**Growth**						**Sales**
	Return on equity					**Sales**			**Earnings per share**			
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Conglomerates												
Jepson	1	94.4%[a]	19.3%	180.8%	2.3%	1	140.1%[d]	9.5%	1	53.7%[c]	–35.0%	$565
Teledyne	2	22.7	23.0	25.9	13.4	11	2.2	3.7	4	17.4	83.1	3,365
Minn Mining & Mfg	3	19.3	21.7	7.5	10.6	8	7.1	13.2	7	7.3	24.3	10,377
Raytheon	4	18.7	26.0	2.1	5.9	9	6.9	7.3	6	12.0	23.4	8,120
American Brands	5	18.6	22.3	89.9	9.2	10	4.9	17.2	10	4.5	38.4	6,640
Berkshire Hathaway	6	17.4	12.1	10.9	15.1	2	41.9	–1.7	2	36.7	68.4	2,285
Dover	7	17.3	20.9	3.4	7.4	5	9.9	23.6	9	4.9	39.0	1,885
Figgie Intl	8	14.6	18.0	42.0	5.2	6	8.7	16.6	5	14.6	30.2	1,131
Emhart	9	12.7	14.2	70.9	4.4	7	7.2	13.9		NM	18.9	2,704
Textron	10	12.6	11.4	76.8	3.6	4	24.4	–2.7	3	28.0	–15.7	7,232
Standex International	11	12.6	9.0	31.2	3.3	12	2.0	4.7	8	4.9	–15.4	434
ITT	12	9.2	13.8	29.4	5.2	15	–3.0	11.2	11	2.8	44.7	20,687
DWG	13	7.1	28.9	362.6	3.3	3	38.5	–1.0		NM	44.6	1,120
IC Industries	14	7.1	17.3	68.6	7.6	13	1.8	–9.2		NM	53.0	3,700
Penn Central	15	5.2	4.6	10.2	5.1	16	–11.3	–7.8		NM	–31.7	1,493
Tenneco	16	3.2	0.5	146.2	0.4	14	–0.1	–5.8		NM	D-P	13,602
GATX	17	0.3	19.6	500.0+	8.3	17	–12.5	5.0		NM	34.2	555
Industry medians		**12.7**	**18.0**	**42.0**	**5.2**		**6.9**	**5.0**		**4.9**	**34.2**	
All-industry medians		**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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Peter Scott of Emhart

Joseph Kugielsky

Makeover by invitation

In the three years since he became chief executive, Peter Scott has transformed Emhart, the Farmington, Conn.-based conglomerate, from an old-fashioned manufacturer into a $2.9 billion (estimated 1988 sales) high-tech and consumer products company. Scott has an affinity for high tech. Before joining Emhart, he was one of Harry Gray's top men at United Technologies. Before that he started two electronics businesses that he sold to Dresser and NCR.

That talent for building companies earned Scott an invitation in 1985 to make over Emhart. "The board didn't want a caretaker," he says. By 1990, Scott predicts, the older industrial divisions making timers, capacitors and the like will bring in only 43% of revenues, down from 64% last year. The biggest part of the business will be in garden sprinklers and golf club shafts, as well as technology consulting and software services for the government.

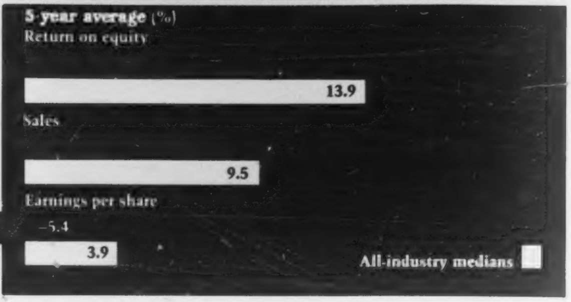
Earnings, which slid to a $10 million loss two years ago, may hit $145 million this year, or $2.35 per share. Return on equity has rebounded to over 14%. But Wall Street may not have fully recognized Scott's achievement. The stock is trading at about a 10% discount to the market, at a multiple of about 11 times 1988 earnings. Here's a company that has changed its nature, but whose image hasn't quite caught up.

caught the resurgence in basic industry just right. GATX had already dumped its railroad manufacturing business to concentrate on storage tank, ship and, more recently, airplane leasing, when takeover attempts forced it to cut costs. Thanks to the booming chemical business, the company's transportation equipment is at 93% of capacity, compared with 88% a year ago, and tank storage terminals are nearly full. Thus, 1988 per-share earnings ought to hit $5.25, versus $3.64 in 1987. But look out: There's $1.5 billion of debt on GATX' balance sheet, covered by $150 million of operating cash flow, according to Burton Strauss of Shearson. That's none too thick a shield if the economy weakens.

Even so, some stocks in this group still look cheap. Take Dover Corp., which sells everything from semiconductor equipment to elevators. The stock dipped in midyear when semiconductors slumped, as investors became pessimistic about Dover's subsidiary, a semiconductor equipment maker. Last year that business brought in about $45 million of Dover's $325 million operating income, and this year won't look better. That's why the stock slinks along at around 28, down from a high last year of 36⅝.

"You have to consider a company as well managed as Dover at that price," says Jack Kelly of Goldman, Sachs. In spite of the lackluster semiconductor equipment business, Dover's return on equity will be 20%, well above the industry's average of 12.7%. ■

CONSTRUCTION



With too many office buildings, too many apartments and rising mortgage rates, the construction business does not face a happy 1989.

By Jack Willoughby

With the Federal Reserve in an inflation-fighting mode, interest rates are inching up again, and that means costlier mortgage money in the year ahead. This spells continuing trouble for the builders of American homes and for the businesses that supply them. Total starts should drop to 1.3 million this year, a decline of 27% from the 1986 peak.

A housing slowdown would come on top of the slowdown already occurring in apartment, office and hotel construction. This sector still faces persistently high vacancy rates, even with spending down 25% below the 1985 peak. (According to McGraw-Hill, the national vacancy rate in office buildings is

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Residential builders													
Ryland Group	●/●	1	26.1%	25.4%	66.7%	4.2%	3	28.7%	1.0%	1	39.6%	0.8%	$842
Fleetwood Enterprises	35/12	2	24.1	16.1	0.0	3.6	4	14.7	12.5	3	24.5	22.3	1,470
MDC Holdings	86/88	3	23.9	def	353.3	def	1	58.7	–13.4	5	8.8	P-D	659
PHM Corp	55/●	4	18.0	1.3	500.0+	0.3	6	11.7	–7.4	7	–20.2	–87.9	1,099
Kaufman & Broad	44/44	5	13.0	14.4	188.7	2.6	2	29.1	43.3	2	38.2^d	–15.9	2,009
General Development	66/NA	6	12.5	9.1	189.8	3.6	5	12.2	14.2	6	5.4	–29.6	509
Skyline	66/49	7	7.7	10.0	0.0	4.1	7	2.6	6.2	4	15.0	8.9	335
US Home	●/●	8	def	def	134.4	def	8	–5.2	–8.7		NM	P-D	718
Medians			15.5	9.5	161.5	3.1		13.5	3.6		11.9	–22.8	
Commercial builders													
Dover	34/28	1	17.3%	20.9%	3.4%	7.4%	8	9.9%	23.6%	3	4.9%	39.0%	$1,885
Centex	53/18	2	13.2	7.7	37.4	1.7	9	8.5	23.0	2	10.0	9.4	1,627
Blount	54/DP	3	12.4	3.2	110.9	0.3	6	11.4	12.5	5	–22.7	–30.9	1,385
United Technologies	32/29	4	11.3	15.8	35.2	3.9	12	3.7	4.0	4	–19.1	300.8	17,656
Turner	●/●	5	10.6	6.5	137.5	0.1	10	7.3	13.5		NM	D-P	3,133
Guy F Atkinson	77/18	6	7.7	def	16.5	def	16	–3.6	–1.5	6	–32.2	P-D	926
Foster Wheeler	45/DP	7	7.3	1.6	42.0	0.7	18	–5.8	–13.0	7	–37.3	–71.8	1,077
Morrison Knudsen	88/ 6	8	6.5	def	34.4	def	15	–3.5	1.5		NM	D-D	1,972
Perini	●/ 5	9	2.5	12.3	35.6	1.9	17	–4.5	15.4		NM	95.1	870
Enserch	38/DP	10	2.4	def	99.6	def	19	–6.4	0.6		NM	P-D	2,768
Trinity Industries	28/17	11	2.1	10.3	95.3	2.8	11	6.3	44.2		NM	408.7	745
Butler Manufacturing	●/●	12	2.0	6.5	23.7	1.1	7	10.3	4.6		NM	153.8	633
Halliburton	45/59	13	0.6	5.2	9.5	2.4	21	–14.1	39.5		NM	466.7	4,463
CBI Industries	50/DP	14	def	3.3	74.9	1.9	5	12.4^d	1.3		NM	215.4	1,335
Comstock Group	●/●	15	def	def	310.5	def	4	15.0	4.6		NM	D-D	413

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19%, in hotels 35%, in apartments 7%.)

Forget about those big government-financed construction projects. Fiscal restraint has put them in limbo. The value of public construction for infrastructure projects should hold to the current $43 billion this year, in constant dollars around $42 billion.

This year's overall slowdown should drag in many of the booming Northeast cities, not just troubled farmbelt and oil states. The value of total construction in the Northeast should drop to just under $46 billion, down 6% from $49 billion last year.

The stock market is already anticipating this. Several giant

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Jacobs Engineering	81/NA	16	def	20.5%	27.9%	0.9%	13	–0.9%	136.5%		NM	83.3%	$757
Fischbach	●/●	17	def	def	33.0	def	14	–2.0	–21.1		NM	D-D	976
Fluor	83/●	18	def	31.9	24.9	3.6	20	–9.7	2.0		NM	D-P	4,740
Henley Group	54/34		NA	def	12.0	def	3	31.0	–19.8		NA	D-D	2,788
LVI Group	●/●		NA	def	240.9	def	1	99.7	2.0		NM	P-D	488
MMR Holding	●/●		NA	29.9	24.9	1.6	2	45.2	55.8	1	53.5%	50.5	556
Medians			**2.5**	**5.2**	**35.2**	**0.9**		**6.3**	**4.6**		**NM**	**39.0**	
Cement and gypsum													
USG	51/68	1	24.5%	16.3%	NE	4.1%	3	17.3%	–15.1%	2	42.7%	–57.9%	$2,434
CalMat	●/85	2	10.8	13.3	19.0%	10.2	1	23.0	–11.9	1	122.7	–22.0	584
Lone Star Industries	●/88	3	8.1	4.7	63.5	6.8	5	–2.6	–39.3		NM	–70.7	479
Texas Industries	41/ 5	4	7.9	3.9	107.0	1.7	2	18.0	10.2		NM	D-P	650
Lafarge	●/●	5	3.9	16.2	46.6	6.9	4	5.5	12.6		NM	41.0	1,294
Ideal Basic Inds	●/●	6	def[b]	def	500.0+	def	6	–11.2	–1.7		NA	D-D	228
Medians			**8.0**	**9.0**	**55.1**	**5.5**		**11.4**	**–6.8**		**NM**	**–40.0**	
Lumber													
Willamette Inds	33/22	1	15.0%	26.1%	54.8%	9.7%	5	7.6%	20.4%	1	72.9%	47.3%	$1,650
Pope & Talbot	48/54	2	11.2	22.1	51.7	6.4	3	8.4	19.3		NM	4.1	480
Potlatch	30/17	3	9.8	16.9	53.0	9.9	8	3.3	7.0	4	42.2	26.9	1,051
Georgia-Pacific	67/58	4	9.6	17.5	80.0	4.9	4	7.9	12.5	3	50.9	14.6	9,171
Weyerhaeuser	45/38	5	8.1	15.0	48.8	7.0	2	8.8	15.6	6	22.8	29.1	7,694
Boise Cascade	26/20	6	6.9	18.3	58.2	6.7	6	4.6	6.3	2	66.9	86.8	4,035
Louisiana-Pacific	85/79	7	6.9	13.0	33.7	7.4	1	15.1	0.2	5	39.2[d]	21.9	1,829
Champion Intl	26/26	8	6.4	14.3	56.8	8.4	7	3.7	10.1		NM	14.0	4,972
Medians			**8.8**	**17.2**	**53.9**	**7.2**		**7.7**	**11.3**		**40.7**	**24.4**	
Other materials													
Morgan Products Ltd	●/●	1	33.5%[b]	13.9%	51.3%	2.6%	2	29.2%	1.6%	3	23.4%[c]	–26.8%	$430
Philips Industries	●/●	2	24.0	20.7	16.0	5.6	3	17.2	22.9	2	24.2	11.3	803
Masco	72/77	3	18.5	19.1	59.7	11.4	5	16.6	24.8	7	17.5	7.7	2,372
Tyco Laboratories	59/48	4	17.7	29.4	79.0	4.4	8	13.0	53.7	13	7.6	157.5	1,702
Vulcan Materials	68/83	5	16.8	24.3	10.0	13.4	20	5.0	0.2	6	18.2	36.3	1,032
PPG Industries	NA/NA	6	16.7	22.6	43.9	8.4	13	8.9	9.0	5	20.9	41.4	5,512
Armstrong World Inds	74/75	7	15.5	17.9	18.5	6.3	10	12.0	14.3	1	43.4	16.3	2,578
GAF	48/16	8	15.0	16.8	83.6	9.4	21	5.0	16.7		NM	10.8	946
Carlisle Cos	26/50	9	13.7	12.6	13.6	4.1	17	6.2	7.4	16	–5.4	27.7	561
Temple-Inland	20/15	10	12.4[b]	19.8	45.7	10.7	16	6.4	10.6	4	21.0[d]	50.5	1,727
Harsco	34/52	11	11.4	15.4	29.6	5.2	18	5.6	17.8	8	14.6	20.1	1,299
Tyler	17/27	12	11.2	13.5	334.9	3.2	22	3.3	–25.9	14	2.7	105.9	780
Owens-Corning	62/59	13	10.9[b]	NE	NE	6.3	19	5.6	–7.6	11	10.1	–12.5	2,841
Hughes Supply	●/NA	14	10.7	11.5	85.8	2.0	4	16.9	29.7	10	12.1	30.3	491
Coleman	26/23	15	10.3	13.3	39.7	3.8	12	10.5	12.1	15	1.3	36.2	650
Nortek	83/72	16	10.0	def	239.9	def	1	40.6	11.1		NM	P-D	1,360
Grow Group	NA/NA	17	9.9	def	137.6	def	7	16.0	–18.6	17	–29.6	D-D	390
Noland	●/●	18	8.0	7.3	52.1	1.4	9	12.5	7.6	9	13.4	–5.9	458
Dallas Corp	●/●	19	5.6	5.5	46.8	1.4	11	11.9	4.5		NM	240.9	414
Manville	72/67	20	5.4	13.8	50.0	7.1	23	3.2	6.7		NM	14.5	2,170
Crane	36/28	21	5.1	17.9	52.5	4.1	6	16.0[d]	–9.8	12	9.1[c]	7.7	1,108
HH Robertson	●/●	22	def	def	36.7	def	24	–5.0	–16.6		NM	D-D	393
Dravo	●/●	23	def	def	45.8	def	25	–20.7	–28.1		NM	D-D	262
Formica	●/●		NA	34.1	87.0	7.5	15	7.4	6.7		NA	149.5	434
York International	●/●		NA	11.4	5.8	2.6	14	8.8	34.0		NM	NA	1,185
Medians			**11.2**	**13.8**	**46.8**	**4.1**		**8.9**	**7.6**		**8.3**	**15.4**	
Industry medians			**9.9**	**12.8**	**49.4**	**3.4**		**8.4**	**6.9**		**–5.4**	**14.0**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

CONSTRUCTION

operators were removed from the roster of public companies—Jim Walter Corp., American Standard Inc. and CertainTeed Corp.—in leveraged buyouts because their shares were irresistible bargains compared with the cash flow they were generating and their assets. Says John Stanley, an analyst at Wertheim Schroder & Co.: "I wouldn't be surprised if there were one or two more big buyouts, if shares stay at these depressed levels."

An export boom that boosted the log business this year is already slowing. It has been quite a boon for lumbermen pushing U.S. exports of wood products to an estimated $5 billion, from $4 billion in 1987. The biggest customer was Japan. The most aggressive buyer was the People's Republic of China, which bought more than twice as much as in 1987. But Japan's housing boom seems to be slowing, according to Bruce Kirk of Goldman, Sachs, and China's buying patterns are too volatile to predict.

There's one bright spot in all this: Fewer homes are going up, but the new homes being built are bigger and more expensive. That means more lumber. The average square footage of a new house has gone up to almost 2,000 square feet, compared with 1,720 in 1983.

But this much is clear: The U.S. economy can't count on construction for a lift in 1989. ■

This time for sure

William Agee of Morrison Knudsen

David Frazier

William Agee, 51, is the kind of man who shakes things up—for better or worse. Small wonder, then, that the stock of Morrison Knudsen Corp. started hopping soon after he and a group of colleagues from his days as head of Bendix Corp. took over management last August.

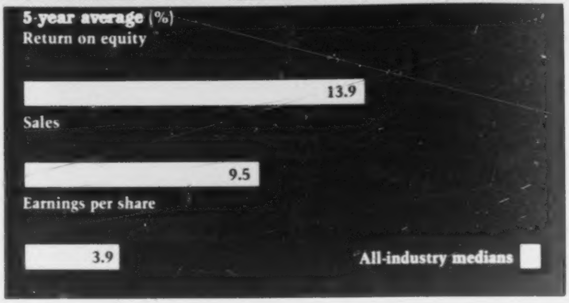
Something had to happen. Morrison Knudsen promised last year to return to profitability. Instead, it lost $60 million on sales of $1.9 billion. The directors called in Agee, who had been an outside director for nine years, when the losses got out of hand. It has proven a good choice.

Since taking over, Agee has pared the company back to construction, manufacturing and engineering services, shedding a series of poorly fitting businesses. Among other steps, he has agreed to sell 80% of Morrison Knudsen's shipbuilding business to the employees.

Agee has also tightened up bidding procedures, one of the main areas in which previous lax management had cost the company dearly. Now, Morrison Knudsen bidders have been ordered to concentrate on landing big contracts, in excess of $50 million, where margins are fatter. Says Agee: "It's no secret that America's tunnels and dams and harbors need work. This is a traditional MK strength we'll emphasize."

This year the slimmed-down Morrison Knudsen will likely deliver on its long-touted return to profitability. Wall Street analysts typically believe that MK will turn into a good money earner (estimates about $3 a share), even in the face of a nationwide construction slowdown. It may never coin money as it did in the old days. But be assured that if the stock drops much lower than $32 it may become a candidate for a leveraged buyout. In short, one way or another, a stock with promise.

CONSUMER PRODUCTS



Here's why so many packaged goods companies have become takeover targets.

By Christopher Palmeri

If you owned a nationally recognized brand name product—as virtually all the companies on this list do—1988 might very well have found you under attack by a raider. Of the 52 consumer products companies on the list last year, 5, with stock worth in the aggregate more than $8 billion, were acquired in 1988. Two now on the list—Chicago Pacific and West Point-Pepperell—are under attack.

The industry is attractive in part because of its ability to pass along cost increases as higher prices without hurting demand. In addition, concentration on cost-cutting has enabled industry leaders like Colgate-Palmolive to reduce plant capacity and payroll by more than 15% in recent years. Combined with a cheaper dollar, this should mean strong 1989 earnings gains for major consumer products makers.

One corner of this industry where price increases have not taken hold is the major appliance market. Even with an oligopoly—General Electric, Whirlpool and Maytag—dominating the market, competition remains as aggressive as ever.

Faced with rising material costs, for example, General Electric attempted 1%-to-3% price increases on its washers and dryers in early 1988. The increases unraveled when archrival Whirlpool didn't follow. Late this spring, Whirlpool as well tried to raise its prices—with the same result. By fall, the two introduced almost simultaneous 3% price hikes, but analysts don't think that will be enough to keep profit margins from sliding as 1989 proceeds. Right now, toothpaste and laundry detergent looks like a better business than refrigerators or washer-dryers. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Appliances													
Harman International	●/●	1	44.7%[a]	19.1%	98.7%	2.6%	4	18.6%	34.0%	1	72.9%	28.7%	$82
Emerson Radio	●/●	2	26.8	def	85.5	def	2	54.0	–12.7		NM	D-D	705
Maytag	85/80	3	26.7	33.0	28.6	7.4	10	9.3	–1.1	3	21.4	–3.8	1,855
Fuqua Industries	25/42	4	25.0	35.0	70.9	12.7	14	3.1	20.6	5	14.3	147.9	904
Emerson Electric	20/24	5	19.4	19.8	16.8	8.0	8	12.1	7.8	7	7.0	15.5	6,651
Chicago Pacific	89/●	6	18.8	19.3	113.3	5.4	1	70.1	19.8	11	–11.9	173.0	1,576
General Electric	23/20	7	18.1	17.2	19.8	7.4	12	8.3	–2.5	9	4.1	19.8	38,562
Whirlpool	●/●	8	17.1	11.3	36.6	3.4	5	13.3	4.5	8	5.4	–15.4	4,338
Stanley Works	38/41	9	15.6	15.8	50.7	5.3	7	12.3	11.4	4	15.4	19.8	1,881
Toro	84/NA	10	14.2	24.8	69.3	3.3	3	20.2	16.9	2	31.2[c]	21.1	609
Standard Shares	41/22	11	13.2	10.8	12.7	2.3	11	9.0	16.7	6	7.8	–34.5	743
Briggs & Stratton	●/●	12	11.9	9.6	0.0	3.1	13	5.0	18.6	10	–5.0	21.3	939
Zenith Electronics	46/NA	13	4.9	def	66.7	def	6	12.6	11.3		NM	D-D	2,531
Black & Decker	●/●	14	3.4	14.8	41.2	4.3	9	12.0	17.9		NM	73.7	2,281
American Hoist	40/22	15	def	2.9	82.8	1.2	15	–5.7	3.1		NM	D-P	303
Allegheny Intl	●/●	16	def	NE	NE	def	17	–19.1	–20.8		NM	D-D	932
SSMC	77/89		NA	0.8	19.2	0.6	16	–6.6	8.4		NM	–82.0	680
Medians			**16.3**	**14.8**	**41.2**	**3.3**		**12.0**	**11.3**		**4.1**	**19.8**	
Home furnishings													
Shaw Industries	●/●	1	23.2%	24.1%	146.4%	3.5%	3	23.6%	46.3%	1	59.2%	35.3%	$1,055
Rubbermaid	●/●	2	22.3	22.1	8.4	8.3	5	21.9	21.6	4	20.1	18.0	1,161
Leggett & Platt	80/82	3	20.7	17.0	43.0	4.9	8	18.4	20.3	3	20.7	–3.9	761
La-Z-Boy Chair	●/●	4	18.3	15.4	42.1	5.2	7	19.1	17.6	2	23.4	9.2	508
Newell Co	80/●	5	17.4	16.1	57.9	5.4	2	28.1	76.0	7	14.8	54.3	995
Kimball International	52/75	6	17.3	15.3	4.8	6.1	10	14.3	6.0	6	16.1	0.3	529
Ohio Mattress	●/●	7	15.8	12.8	73.1	4.7	1	50.4	26.6	8	8.0	42.3	651
Bassett Furniture Ind	●/●	8	12.2	6.9	0.0	3.9	11	10.4	0.3	12	–5.0	–20.4	465
Corning Glass Works	26/18	9	10.9	19.3	29.4	14.1	13	5.4	6.9	5	18.7	90.5	2,118
West Point-Pepperell	32/46	10	10.4	12.3	122.2	4.3	12	9.8	26.3	11	–2.2	29.4	2,151

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Hoisting profits

Barry Staver

Robert Nassau

American Hoist & Derrick has been down so long you couldn't pick it up with a crane. Good thing that American Hoist does not make cranes anymore and that management has another strategy. In November, the St. Paul-based miniconglomerate shelled out $110 million for CoastAmerica, a hardware distributor operating the 1,000-store Coast to Coast hardware chain. A hardware distributor may not in the strictest sense be a consumer products company, but American Hoist now seems to fit best, along with Black & Decker and Stanley Works, in our rankings.

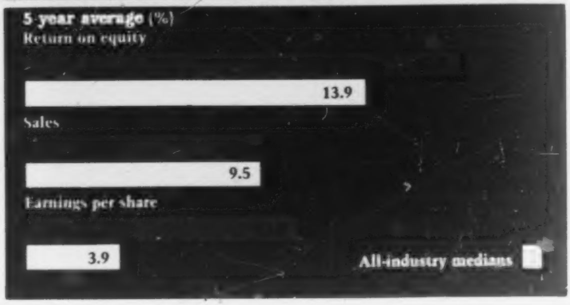
American Hoist sorely needed the change. Last year the company unloaded its former flagship American Crane division, a terminal victim of the sagging oil and heavy construction industries that contributed to five straight years of deficits. After further cost-cutting, American Hoist was left with five disparate divisions, modest in size and profitability. Chief Executive Robert Nassau, who joined American Hoist in 1982 and watched the stock steadily decline throughout the bull market, chose to expand the hardware business by swallowing a major competitor. The postmerger American Hoist will be the nation's largest independent hardware distributor, and the only one with a real national presence. The move will more than quintuple the hardware division's sales.

Recently at 12, the stock is selling at 12 times estimated 1989 earnings. American Hoist is highly leveraged, with long-term debt about 3 times equity. But with the opportunity of earnings gains from the acquisition, the stock, at 1.4 times estimated book value, is hardly overpriced.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Home furnishings													
Interco	33/50	11	9.3%	11.5%	24.4%	4.9%	15	3.5%	–1.5%	9	4.1%	7.5%	$2,986
Springs Industries	44/66	12	8.0	9.0	46.4	2.5	9	14.8	11.5	10	–0.2	–16.8	1,798
Fieldcrest Cannon	●/●	13	5.3	def	149.6	def	4	23.1	0.3		NM	P-D	1,355
Amoskeag	●/83	14	4.6	def	292.9	def	6	19.7	9.1	13	–30.2	P-D	1,422
Premark Intl	41/39		NA	17.1	33.6	4.9	14	4.5	11.4		NM	D-P	2,368
Medians			**14.0**	**15.3**	**43.0**	**4.9**		**18.4**	**11.5**		**8.0**	**9.2**	
Household products													
Clorox	●/●	1	20.9%	20.2%	2.6%	10.4%	2	5.6%	13.3%	1	13.8%	16.6%	$1,308
Greyhound	38/36	2	10.0	2.8	86.7	0.9	3	–7.6	31.1	2	–9.2	–84.0	2,923
Grow Group	32/DP	3	9.9	def	137.6	def	1	16.0	–18.6	3	–29.6	D-D	390
Medians			**10.0**	**2.8**	**86.7**	**0.9**		**5.6**	**13.3**		**–9.2**	**–84.0**	
Personal products													
Tambrands	●/●	1	30.6%	27.4%	0.0%	15.3%	4	12.9%	7.8%	10	11.9%	13.7%	$62
Bristol-Myers	22/17	2	24.3	25.0	5.7	13.8	12	8.1	11.6	9	13.1	16.7	5,854
Noxell	●/●	3	24.2	23.2	0.0	9.6	3	13.1	6.1	5	17.6	16.7	514
Gillette	●/●	4	22.6	44.8	NE	7.6	13	7.5	12.6	15	–10.4	348.1	3,480
Stanhome	58/52	5	19.9	27.4	1.1	8.1	7	12.0	12.8	2	26.1	28.0	470
Johnson & Johnson	42/26	6	19.1	27.5	19.9	10.8	15	6.4	14.2	13	5.8	25.5	8,828
Shaklee	65/78	7	18.1	8.6	7.3	3.6	17	–0.2	24.9	14	3.3	32.0	613
Hillenbrand Inds	42/45	8	18.0	22.5	33.9	8.4	2	13.2	20.0	8	13.2	31.0	836
Helene Curtis Inds	●/●	9	16.6	13.2	20.6	2.0	5	12.2	24.9	3	21.7	39.9	553
Schering-Plough	31/25	10	16.0	25.7	12.2	12.9	11	8.5	9.8	12	9.0	29.7	2,893
Service Corp Intl	●/●	11	15.8	12.1	65.6	11.6	1	15.9	23.6	6	17.6	8.9	550
Kimberly-Clark	77/70	12	15.6	23.0	48.9	7.0	9	10.4	10.8	11	11.6	31.4	5,256
Carter-Wallace	53/37	13	14.4	15.8	7.7	8.3	8	10.9	7.2	4	20.0	16.3	503
Procter & Gamble	44/48	14	14.3	17.5	37.7	5.3	14	7.2	15.2	17	–14.8	165.1	19,939
Scott Paper	68/48	15	13.3	23.6	75.3	8.5	6	12.1	13.4	1	28.6	76.5	4,542
Avon Products	●/●	16	12.8	def	500.0+	def	18	–2.2	8.2		NM	P-D	2,955
Colgate-Palmolive	75/43	17	11.1	19.3	64.3	4.6	16	2.1	–8.2	16	–13.4	415.4	4,987
Alberto-Culver	49/64	18	8.4	20.8	36.7	4.5	10	10.2	17.5	7	16.3	55.5	605
Medians			**16.3**	**22.8**	**20.3**	**8.2**		**10.3**	**12.7**		**12.5**	**30.3**	
Industry medians			**15.8**	**16.1**	**36.7**	**4.9**		**12.0**	**11.6**		**7.8**	**19.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DP:** Segment deficit, total profit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

ELECTRICAL EQUIPMENT



Capital spending is lifting this industry's revenues, and cost-cutting is nailing down the profits.

By Alyssa A. Lappen

DEMAND FOR ELECTRICAL EQUIPMENT such as motors and generators, long the backbone of this industry's business, grew modestly in 1988. Yet the industry's earnings rose 15.5%, and for the ninth year the group outperformed the all-industry median profitability by a wide margin.

Give credit to cost-cutting, which has become a way of life throughout the industry, and robust export sales, thanks to a weaker dollar. Industrial demand for various electronically based process control equipment also helped.

Few industry executives expect a repeat of 1988's earnings gains, but they do expect rises in the 10% range. The growth will come largely from U.S. manufacturers' orders for new capital equipment to improve productivity and cut labor costs. "Current momentum will carry through in the first half," says Charles Knight, chief executive at Emerson Electric. "If there's any downside, it will be late in the year."

Cost-cutting and restructuring go on. Westinghouse joined its mature power transmission and control business with Asea Brown Boveri's and sold its elevator operation. General Electric bought Roper Inc., which makes outdoor power equipment and kitchen appliances, and Borg-Warner's chemical division, which should help GE's plastics business.

Similarly, Cooper Industries bought RTE Corp., an electrical and electronic parts maker, and Square D is expanding overseas. Also, Emerson Electric bought a French firm to complement its valve and pneumatic control operation.

Nearly all the companies on this list are raising spending on research and development. GE, already profiting from strong commercial airlines' jet engine orders, should have a new, highly fuel-efficient engine by the mid-1990s. Raychem is pouring money into a promising new fiber-optic subsidiary. At Emerson, 18% of commercial sales already derive from products introduced recently such as specialty process controls. Expect that trend to continue. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Electrical equipment													
Mark IV Industries	43/41	1	36.0%	23.5%	410.1%	5.0%	1	86.3%	33.2%	1	61.2%	27.0%	$443
Emerson Electric	69/69	2	19.4	19.8	16.8	8.0	3	12.1	7.8	10	7.0	15.5	6,651
Westinghouse	76/66	3	18.3	22.0	93.7	7.0	11	2.5	9.4	3	16.1	10.7	11,407
General Electric	20/ 6	4	18.1	17.2	19.8	7.4	8	8.3	–2.5	11	4.1	19.8	38,562
Hubbell	●/●	5	17.7	19.5	2.2	11.5	9	7.7	5.2	5	12.7	15.5	606
National Service	42/35	6	17.7	17.0	3.8	6.1	7	9.2	6.6	9	8.7	13.6	1,414
Square D	81/●	7	16.5	16.8	22.8	7.0	10	6.8	10.8	8	8.9	3.0	1,610
WW Grainger	●/●	8	15.6	18.3	1.4	7.2	6	10.0	16.4	4	13.6	26.8	1,489
Raychem	73/83	9	12.8	18.8	4.1	10.4	4	11.6	14.0	7	9.9	40.9	1,104
Cooper Industries	49/61	10	9.3	12.8	71.3	5.1	2	13.0	19.1	6	12.1	21.9	4,074
General Signal	NA/NA	11	9.0	2.8	10.2	1.5	12	–0.1	10.5	12	–9.8	–60.3	1,719
Genlyte Group	●/●		NA	NA	500.0+	2.7	5	10.4^d	10.4	2	22.5^d	NA	481
Industry medians			**17.7**	**18.3**	**18.3**	**7.0**		**9.6**	**10.5**		**11.0**	**15.5**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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Never look back

Despite booming profits in the industry, General Signal's last really good year was 1984, and even then it lagged the industry. By 1987 its margins had fallen to 4.3%, its return on equity to under 8%, and 1988 won't look much better.

Yet General Signal's prospects look good. Why? Last April the board hired Edmund Carpenter, the former ITT chief operating officer, to turn things around. Asked how earnings ever got so bad, Carpenter curtly replies, "Never look back."

Carpenter is increasing the size of some of General's 29 divisions, most of which now have sales well under $100 million. Five telecommunications units have been reduced to four, three electrical units to one, two rail and mass transit units to one. He has sold two companies and will also now sell two small defense electronics units.

Robin Bowman

Edmund Carpenter

Cutting costs is also critical. Carpenter is encouraging cuts by pegging bonuses to earnings, cash flow, return on investment and working capital. He has written off $86 million for inventories, receivables, legal liabilities, severance and goodwill, but not at the expense of capital spending. This year General will sell and lease back more than half of its plants and use the proceeds, some $100 million, for new equipment, acquisitions and to pay down debt from a recent stock buyback.

General finally stands to profit from its prospering markets. The buyback boosted General's shares 15%, but the stock sells at only 11 times estimated 1989 earnings.

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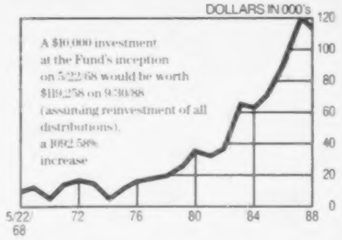

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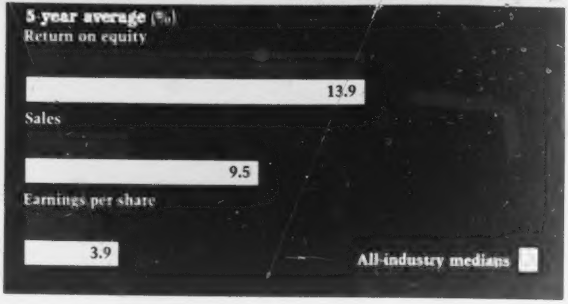
ELECTRIC UTILITIES



The drive toward a free market for electric power was slowed in 1988, but not stopped.

By Edward F. Cone

PONDEROUSLY, ALMOST LIKE A GLACIER creeping across the landscape, deregulation has been reshaping the electric utilities business. In 1988 legal and regulatory obstacles slowed the trend toward mergers and acquisitions and freer competition. Slowed it but didn't stop it. Southern California Edison's bid for San Diego Gas & Electric, which itself wanted to merge with Tucson Electric Power, was resolved last month. In the settlement, SCE will pay over $2.5 billion for San Diego Gas & Electric, creating a company with assets of over $17 billion, the nation's largest investor-owned utility. Now that SCE has been given the go-ahead, more such marriages are likely.

Mergers were not the only aspect of the move toward a freer utility industry. Public Service of New Mexico had hoped for approval of a plan to split itself into a wholesale generating company and a retail distribution company. State regulators said no, but others are looking into splitting power generation from power distribution.

Meanwhile, problems related to nuclear power continued. Public Service of New Hampshire became the first utility in 50 years to file for bankruptcy. Middle South Utilities and Gulf States Utilities had other problems with nuclear plants—construction difficulties and budget overlays—though both avoided Chapter 11. In New York State, squabbling politicians and contentious lawsuits continued to stall a settlement over Long Island Lighting Co.'s nuclear power plant, which is ready to go. Lilco is ready to abandon the plant but insists the public should pay at least part of the cost.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Northeast													
New England Electric	●/●	1	17.4%	def	130.3%	def	10	2.8%	2.6%	7	5.5%	P-D	$1,489
Potomac Electric	●/●	2	17.4	16.8%	83.6	15.6%	6	4.5	–0.7	3	13.7	–2.8%	1,345
Commonwealth Energy	65/64	3	17.0	10.6	75.5	4.7	20	0.9	3.6	11	2.7	–4.0	669
Baltimore G&E	77/89	4	16.0	15.9	64.6	17.2	11	2.8	–2.5	5	10.2	2.3	1,792
Northeast Utilities	●/NA	5	15.9	11.4	159.8	9.3	18	1.5	8.6	14	–0.5	–17.8	2,221
Boston Edison	●/●	6	15.4	8.6	101.8	6.2	17	1.6	5.6	1	51.3	–38.3	1,223
Allegheny Power	●/●	7	15.2	13.8	105.4	9.2	16	1.9	16.7	8	3.6	–5.8	2,176
Delmarva Power & Lt	86/●	8	15.0	12.3	88.1	10.6	13	2.5	11.1	9	3.4	–11.1	757
Consolidated Edison	82/87	9	14.4	13.3	61.9	11.1	22	–0.5	0.0	10	3.2	–3.5	5,089
Atlantic Energy	●/●	10	13.9	14.5	101.1	10.9	5	6.8	3.4	6	9.2	9.4	658
Orange & Rockland	76/88	11	13.8	14.5	81.6	9.5	24	–1.8	2.8	12	2.7	10.9	472
Pub Svc Enterprise	70/88	12	13.3	13.7	96.5	12.2	14	2.4	–0.1	15	–1.1	46.8	4,282
Rochester G&E	70/87	13	12.8	9.3	121.3	7.4	21	0.8	2.7	20	–20.8	4.6	754
Long Island Lighting	83/●	14	12.7	7.9	117.6	15.7	8	4.4	4.4	17	–7.7	91.0	2,131
NY State E&G	88/●	15	12.6	8.9	139.7	8.6	2	8.0	–0.7	19	–18.6	D-P	1,300
Philadelphia Elec	88/●	16	12.4	14.2	117.0	18.3	9	4.3	0.0	16	–7.6	5.6	3,187
American Water Works	●/●	17	12.1	10.8	145.3	11.3	3	8.0	5.0	4	12.8	–0.5	504
Pennsylvania P&L	●/●	18	12.1	14.2	102.1	15.0	1	14.1	6.5	13	–0.5	12.7	2,216
Niagara Mohawk Power	83/●	19	12.1	7.2	119.7	6.5	19	1.3	6.4	21	–43.3	1.0	2,776
Central Hudson G&E	87/●	20	11.9	8.1	109.1	6.9	23	–1.3	3.0		NM	–57.7	434
General Public Utils	●/●	21	11.1	15.6	88.4	10.6	12	2.7	3.2	2	26.4	20.1	2,791
United Illuminating	●/●	22	10.4	13.3	158.8	13.6	15	2.3	4.9		NM	D-P	513
Central Maine Power	●/●	23	10.1	14.8	97.0	8.6	4	7.0	12.6	18	–14.0	69.7	641
Public Service NH	●/●	24	0.2	def	214.0	def	7	4.5	14.3		NM	P-D	597
Medians			**13.1**	**12.8**	**103.8**	**10.1**		**2.6**	**3.5**		**1.1**	**1.7**	

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Back from the dead

Public Service of New Hampshire a turnaround candidate? When last anyone looked, the thing was in the morgue. Beset by endless licensing nightmares at its Seabrook nuclear plant, the company filed for Chapter 11 last January. In 1988 PSNH shares, which traded at 20 five years earlier, bottomed out at one-tenth that price. Says Daniel Scotto, L.F. Rothschild managing director, "Seabrook is the industry's principal victim of hostile regulation."

But all is not lost. The Seabrook plant could begin generating electricity before the end of this year, and negotiations with the state of New Hampshire over a rate hike are in progress. Acquisition bids from nearby power companies, most notably Connecticut's Northeast Utilities, are also being solicited. "One way or another," says recently appointed Chief Executive John Duffett, "we are determined to maximize shareholder value."

Not that shareholders can expect an immediate bonanza: PSNH will need years to repair the damage done by Seabrook, and New Hampshire seems in no hurry to raise rates. But underneath the problems lie real strengths. The company lies in a region hungry for power, which should spur long-term growth. And in the deregulated future, PSNH could provide a crucial link in the transmission of cheap Canadian power throughout the Northeast. Since June, the stock price has recovered to over $5 a share, while preferred shares have moved up from $4 to $15.

"There is no magic pill to solve all of our problems at once," admits Duffett. "But the recent news has been good, and we've got nowhere to go but up."

Richard Frank/Wheeler Pictures

John Duffett of Public Service of New Hampshire

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
North central													
PSI Holdings	●/●	1	36.5%	38.0%	156.0%	12.9%	10	5.9%	–0.7%	25	–15.3%	15.7%	$1,051
UtiliCorp United	38/83	2	18.2	13.7	101.4	6.0	1	28.8	16.4	4	8.0	11.3	663
Kansas Power & Light	40/79	3	16.8	14.5	73.9	7.2	2	16.5	2.9	6	5.0	0.0	1,207
Minnesota Power & Lt	●/NA	4	16.6	12.6	92.4	14.5	15	2.7	3.8	3	8.0	–14.0	431
Ipalco Enterprises	●/●	5	16.4	14.9	82.0	16.0	8	6.6	9.0	2	8.7	–30.5	600
No States Power	85/●	6	16.2	14.8	71.7	11.3	16	2.3	10.7	10	4.3	0.6	1,952
Illinois Power	75/●	7	16.1	8.2	98.3	14.8	23	0.5	6.9	14	3.0	–47.9	1,289
WPL Holdings	80/●	8	16.1	15.5	68.2	11.2	17	1.3	5.3	13	3.2	8.1	587
Wisconsin Energy	82/●	9	16.0	17.9	84.4	13.6	21	0.6	8.6	5	7.0	21.2	1,495
Commonwealth Ed	●/●	10	15.8	10.6	83.9	15.4	9	6.2	–3.9	12	4.0	–28.3	5,494
Wisconsin Public Svc	74/●	11	15.6	14.7	59.1	9.4	25	–0.6	3.2	7	4.8	9.1	599
Iowa-Illinois G&E	63/89	12	15.2	13.4	85.7	11.6	22	0.5	–0.5	17	–0.5	–8.1	486
Centerior Energy	●/●	13	15.1	10.1	95.1	15.9	12	4.1	–0.7	16	–0.4	–27.7	1,989
Ohio Edison	●/●	14	15.0	10.8	104.9	15.9	11	4.6	13.5	9	4.4	–27.7	2,027
Union Electric	●/NA	15	14.7	14.8	100.0	15.1	3	9.7	4.8	15	0.8	–13.6	2,021
Detroit Edison	●/●	16	14.6	9.5	149.9	11.1	7	6.6	4.9	1	10.9	–42.2	3,014
Cincinnati G&E	74/●	17	14.3	11.9	88.8	9.8	18	1.2	–0.9	23	–2.1	–39.6	1,366
Iowa Resources	●/●	18	13.7	9.5	101.7	9.9	29	–5.2	–2.8	19	–1.0	–25.1	339
Kansas City P&L	●/●	19	13.3	13.6	102.0	15.4	6	7.1	4.9		NM	D-P	734
CILcorp	68/84	20	13.1	10.0	97.6	7.0	27	–2.4	–2.2	18	–0.8	–31.4	461
Central Ill Pub Svc	82/●	21	13.0	14.0	71.9	14.1	26	–1.3	1.4	20	–1.0	24.3	612
Midwest Energy	41/87	22	12.7	16.0	136.3	7.3	4	9.3	5.3	8	4.8	32.0	571
American Electric	●/●	23	12.6	13.7	112.9	11.7	14	2.8	–2.0	11	4.1	–1.7	4,768

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ELECTRIC UTILITIES

On the positive side, demand for electric power grew by 5% in 1988, twice the rate estimated by analysts as the year began. Fuel costs stayed low, which, combined with the steady decline in industrywide construction, lowered real costs for electricity.

Despite the setbacks to deregulation, a free market for electric power remains a plausible goal. A compelling precedent has been set for takeovers, and the wholesaling of power is too attractive a prospect for today's aggressive utilities to abandon, even though its implementation is proving to be tricky. In sum, 1988 wasn't the end of the changes in this industry, just a time of growing pains. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Duquesne Light	●/●	24	12.5%	11.0%	124.4%	14.7%	13	3.7%	12.7%	21	–1.2%	26.1%	$1.005
DPL	76/●	25	12.1	11.7	119.2	9.7	20	0.8	6.0	24	–4.4	–25.2	974
IE Industries	75/89	26	11.5	13.6	106.5	8.3	24	0.0	2.1	22	–1.8	6.3	427
Kansas Gas & Elec	●/●	27	9.9	10.5	111.3	14.8	5	7.7	0.5		NM	500.0+	519
Nipsco Industries	60/●	28	5.5	7.8	130.1	6.6	28	–4.2	2.3		NM	60.9	1,491
CMS Energy	58/77	29	def	20.2	205.0	9.8	19	0.8	0.8		NM	46.0	2,880
Medians			**14.7**	**13.6**	**100.0**	**11.6**		**2.7**	**3.2**		**0.8**	**0.0**	
Southeast													
Florida Progress	65/●	1	15.8%	13.8%	80.6%	8.7%	1	10.8%	7.2%	1	11.9%	–9.5%	$2,010
Southern Company	●/●	2	15.1	12.0	127.4	10.7	5	7.6	3.4	10	–0.8	7.8	7,240
Scana	72/●	3	14.9	13.3	96.6	10.8	8	4.9	–5.4	4	7.0	–13.8	1,066
TECO Energy	●/89	4	14.8	14.6	82.8	11.4	3	10.5	7.0	3	7.4	0.0	1,022
Duke Power	●/●	5	14.4	14.4	66.9	14.1	2	10.8	0.8	6	5.7	4.8	3,681
Carolina Power & Lt	●/●	6	14.2	8.0	94.6	10.0	6	6.5	7.8	8	4.9	–41.4	2,219
FPL Group	81/NA	7	13.8	13.9	103.0	9.2	4	8.2	9.8	7	5.6	9.2	4,739
Louisville G&E	75/●	8	13.6	13.5	80.2	12.9	10	2.1	0.4	5	6.7	7.4	644
Dominion Resources	●/NA	9	13.2	14.2	133.3	13.3	7	6.3	–0.9	2	8.4	–3.9	3,260
Kentucky Utilities	●/●	10	13.1	15.9	69.7	14.4	9	2.8	–0.3	9	2.6	24.1	556
Medians			**14.3**	**13.9**	**88.7**	**11.1**		**7.1**	**2.1**		**6.2**	**2.4**	
South central													
Southwestern Pub Svc	●/●	1	19.6%	16.8%	79.7%	13.8%	2	5.0%	2.9%	4	2.6%	14.7%	$794
Central & So West	●/●	2	16.3	14.9	101.1	14.9	7	0.0	3.7	2	6.9	0.0	2,512
El Paso Electric	75/●	3	16.0	6.8	110.3	13.1	1	8.1	18.6	8	–14.6	–24.5	392
Texas Utilities	●/●	4	15.4	13.1	107.4	16.3	3	4.6	1.7	3	3.7	–7.3	4,131
Houston Industries	83/NA	5	15.3	12.6	102.9	11.7	8	–1.9	0.2	1	13.6	–8.2	3,596
Oklahoma G&E	●/●	6	13.8	17.0	82.7	13.5	5	3.5	0.4	5	0.2	33.6	1,091
Gulf States Utils	●/NA	7	12.8	4.1	97.7	9.7	6	2.1	3.8	6	–5.1	–47.6	1,490
Middle South Utils	●/NA	8	11.1	7.2	128.2	9.4	4	4.2	–0.1	7	–7.4	–26.3	3,471
Medians			**15.4**	**12.8**	**102.0**	**13.3**		**3.8**	**2.3**		**1.4**	**–7.8**	
Western													
Tucson Electric	●/●	1	18.8%	16.4%	104.2%	24.3%	6	6.7%	19.0%	3	6.9%	3.3%	$537
San Diego G&E	66/●	2	16.4	14.5	86.9	9.2	8	5.0	16.7	6	1.1	51.9	2,080
SCEcorp	●/●	3	16.1	16.3	109.2	13.5	7	5.3	13.2	4	3.2	27.3	6,127
PacifiCorp	49/62	4	15.9	15.1	93.0	13.1	3	9.0	2.5	7	0.9	6.8	2,227
Pinnacle West	67/NA	5	13.9	8.2	121.7	13.3	9	4.9	8.2	8	–1.0	–30.4	1,404
Pacific G&E	66/80	6	13.2	7.7	100.4	9.1	11	2.5	2.1	12	–7.3	–4.0	7,433
Public Service Colo	65/83	7	13.1	15.9	85.7	8.8	12	0.7	1.7	5	1.9	–4.4	1,692
Public Service NM	68/86	8	12.0	def	96.2	def	1	14.1	11.5	10	–7.0	P-D	792
Montana Power	51/54	9	11.8	9.4	63.6	10.4	4	7.1	10.8	11	–7.1	30.0	720
Portland General	●/●	10	11.6	8.1	98.3	9.4	5	7.0	–0.9	13	–23.5	500.0+	753
Hawaiian Electric	89/●	11	11.4	10.5	84.0	6.4	13	–2.2	16.8	1	11.7	–8.6	704
Utah Power & Light	●/●	12	11.3	14.9	108.1	16.2	10	4.8	3.4	9	–3.1	67.7	1,019
Puget Sound P&L	●/●	13	9.9	13.9	95.2	16.4	2	9.8	7.4	2	10.1	4.9	768
Medians			**13.1**	**13.9**	**96.2**	**10.4**		**5.3**	**8.2**		**0.9**	**4.9**	
Industry medians			**13.9**	**13.4**	**100.2**	**11.1**		**4.1**	**3.4**		**2.6**	**0.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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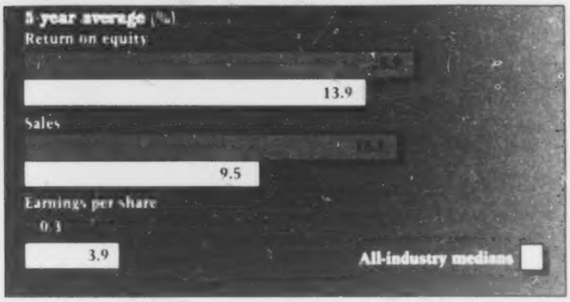
FINANCIAL SERVICES



It pays to be where the action is. In financial services the action last year was in tax complexity, mergers and plastic money

By Matthew Schifrin

LET THE MEDIA AND THE politicians bemoan the merger-and-acquisition game; Wall Street loves it. No wonder.

More than 50% of the pretax earnings at Morgan Stanley, First Boston and Shearson came from merger-related business this year. Morgan Stanley's shares moved up nearly 60% since January on the strength of merger-related income, as well as fees from $3 billion worth of junk bond underwritings. PaineWebber's brokerage business was a loser during the year, and altogether the firm would have lost 30 cents a share had it not been for the merchant banking profits from a single transaction—the sale of National Car Rental last summer, which brought in $46 million, or $1 a share. Merrill Lynch's brokerage business was flat at best, but the firm should nonetheless report year-end overall earnings gains of 23% over last year. Reason? Merger activity helped mightily, but Merrill also kept its 12,000 account executives busy. Was the retail customer disenchanted with the stock market? Yes, but Merrill's salespeople were out selling packaged products such as bond funds and insurance.

Obviously, the merger fever won't last forever—although it may well have a good way to go. Morgan Stanley, Salomon Inc. and Bear Stearns are hedging their bets through stock buybacks against the day when the lucrative merger business quiets down. What happens when the honeypot dries up? Outfits like Merrill and Shearson, with their big selling

"Not another Texas bank"

You could hardly think of a worse business to be in last year: Guaranteeing mortgages on Texas real estate. That's a big chunk of what Dallas-based Lomas Financial Corp. (1988 revenues, $1.2 billion) does. Of course, its 600,000 single-family mortgages worth some $22 billion span 50 states, but Texas is not the only real estate market in trouble. For 1988, Lomas reported its only loss since 1965—$56 million, or $1.65 a share. Lomas' stock, which traded as high as $39 in early 1987, now sells for around $12.

But this particular invalid has an excellent prognosis. Since 1984 Lomas Financial's smart chief executive, Jess Hay, has aggressively restructured the firm so that mortgage banking now accounts for less than 25% of the business. Besides mortgages, there's a $1.6 billion (assets) retail banking operation that includes a brisk credit card business. Lomas also has various life insurance subsidiaries and a commercial leasing unit. Non-real-estate businesses last year accounted for some $138 million in operating profits, substantially lessening the hit from mortgage banking losses.

Jess Hay of Lomas Financial

Shelly Katz

In anticipation of a dividend cut, institutions have been unloading the shares, which helps explain Lomas' $12 stock price. Frank Anderson, an analyst at Little Rock-based Stephens Inc., notes that continued selling should create an excellent buying opportunity for long-term investors, once year-end tax selling ends.

Anderson argues that a dividend cut to, say, $1.00 from the current $1.40 would still produce a yield of nearly 8%. Moreover, Lomas' strong cash flow from other businesses should produce earnings of at least $1.10 per share in 1989, even if interest rates continue to rise. "This is not going to be another Texas bank," he says.

FINANCIAL SERVICES

networks, are in good positions to make money handling the financial affairs of the growing millions with capital to invest or an old age or college education to take care of. Meanwhile, the internationalization of business and the constant restructuring offer plenty of opportunities for growth in the years ahead. In short, Wall Street won't necessarily starve when the current wave of leveraging slows.

Moving into other financial services, H&R Block, Student Loan Marketing, Beneficial Corp., Equifax and Fannie Mae all reported record earnings in 1988.

H&R Block can thank tax reform for its splendid returns. Every time Congress writes new complexity into the tax code, it drives more and more citizens into the arms of professional tax preparers. With no simplification in sight, it is hard to see how H&R Block can lose. H&R Block has also been building up its database communications firm, CompuServe, as well as an office temps firm. As H&R Block benefits from tax complexity, so American Express benefits from the trend away from paper to plastic money. American Express posted an impressive year thanks largely to its credit cards, whose membership and earnings, despite aggressive competition, continue to grow by more than 15% annually.

The biggest loser in financial services is Dallas-based Southmark Corp., a $9.1 billion (assets) real estate and financial firm that ranked third in five-year average return on equity on our list last year, when it traded as high as 10. Today Southmark is on the brink of bankruptcy, and its shares languish at 2. Depressed real estate markets have squeezed the cash flow it needs to service its huge debt.

Another firm in virtually the same businesses as Southmark—and also carrying lots of high-yield debt, Drexel ties and a load of risky real estate investments—is Phoenix-based American Continental. This year it ranks second on our list in return on equity. A recent flurry of short selling in the stock (FORBES, *Dec. 26, 1988*) could mean trouble ahead for American Continental. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Financial companies													
Student Loan	●/●	1	35.4%	40.6%	500.0+%	10.3%	7	15.1%	35.8%	2	30.8%	30.9%	$2,080
American Continental	31/14	2	34.3	41.2	500.0+	def	5	24.1	–4.8	7	10.6	123.7	696
Equifax	●/●	3	24.5	26.1	14.3	4.8	9	9.5	10.1	4	16.8	23.4	720
H&R Block	54/72	4	23.3	23.8	1.3	10.9	6	20.0	13.2	5	12.7	17.8	790
Lomas Financial	80/DP	5	21.8	def	336.9	def	3	32.0	59.9	6	11.4	P-D	1,259
Southmark	54/●	6	18.6	def	166.0	def	1	47.0[c]	36.1	8	3.9	P-D	3,035
PHM Corp	45/DP	7	18.0	1.3	500.0+	0.3	8	11.7	–7.4	9	–20.2	–87.9	1,099
Household Intl	53/60	8	16.0	22.6	500.0+	5.4	16	–20.8	35.4	3	18.6	1.6	4,328
American Express	●/●	9	14.7[b]	16.8	277.7	3.4	4	29.2	22.1	1	63.0[d]	–46.0	21,495
Gulf & Western	38/41	10	9.6	17.6	61.1	7.3	14	–8.2	19.7		NM	30.4	5,073
Integrated Resources	31/78	11	9.3	6.8	152.5	3.4	2	33.5	28.6		NM	–33.8	1,386
Federal Natl Mortgage	●/●	12	7.9[b]	30.0	500.0+	5.2	11	7.1	8.5		NM	265.1	10,621
Kansas City Southern	30/46	13	7.5	5.9	82.2	3.5	12	5.5	2.4		NM	D-P	515
Beneficial Corp	87/●	14	6.3	15.9	385.7	9.9	15	–9.8	2.0		NM	D-P	1,228
Cigna	33/34	15	5.1	9.1	7.0	2.8	10	8.4	4.1		NM	–38.7	17,588
Commercial Credit	●/●	16	3.2	14.5	204.3	10.4	13	0.7	–3.5		NM	500.0+	947
Medians			**15.3**	**16.3**	**241.0**	**4.1**		**10.6**	**11.6**		**–8.2**	**20.6**	
Brokerage houses													
Shearson Lehman	●/●	1	20.0%	1.3%	301.8%	0.5%	2	38.2%	50.1%	3	0.4%	NA	$9,428
First Boston	●/●	2	19.2	11.0	34.1	3.6	5	22.2	7.2	4	0.2	–21.1%	3,654
AG Edwards	●/●	3	18.5	9.8	0.0	5.6	9	14.5	–9.9	1	6.2	–46.3	486
Salomon	●/47	4	15.9	6.5	172.3	4.3	6	20.0	–11.5	6	–11.5	–23.0	5,662
PaineWebber Group	●/●	5	14.2	3.5	34.0	2.1	7	17.0	–4.7	5	–5.0	–65.0	2,357
Merrill Lynch	79/75	6	12.5	5.8	188.4	1.9	8	16.9	–5.7	2	5.9	–67.8	10,179
Bear Stearns Cos	●/●		NA	0.0	38.5	NA	4	29.4	NA		NM	NA	NA
Morgan Stanley	●/●		NA	30.3	54.4	8.7	3	36.1	19.9		NM	21.0	3,666
Charles Schwab	●/●		NA	0.0	115.6	def	1	43.5	–0.6		NA	NA	414
Medians			**17.2**	**5.8**	**54.4**	**2.8**		**22.2**	**–2.6**		**–2.4**	**–34.7**	
Commodity traders													
Universal	32/21	1	18.7%	18.0%	23.6%	2.4%	3	8.2%	15.7%	1	10.5%	2.9%	$2,570
Std Commercial	46/44	2	12.4	7.3	31.7	1.3	1	11.3	21.5	2	6.3	–19.3	822
Commercial Metals	54/20	3	8.0	16.6	19.7	2.2	4	–3.1	29.4	3	5.0	150.0	1,129
Balfour Maclaine	●/●		NA	def	132.6	def	2	10.9	55.9		NM	P-D	1,075
Medians			**12.4**	**11.9**	**27.7**	**1.8**		**9.6**	**25.4**		**5.6**	**–8.2**	
Industry medians			**15.9**	**9.8**	**132.6**	**3.4**		**15.1**	**11.6**		**0.3**	**–8.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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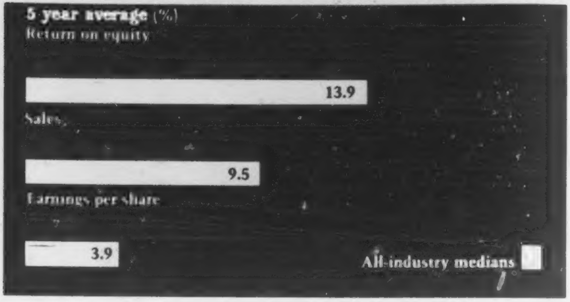
FOOD DISTRIBUTORS



Many supermarkets have been stocking up on debt. That means opportunity for conservatively run competitors.

By Ralph King Jr.

DURING 1988 Kohlberg Kravis Roberts & Co., the leveraged buyout firm, became the nation's biggest supermarket operator—which speaks volumes for what's been going on in this long-neglected industry. One way or another, chains are being either taken private or taken over. Thus, Stop & Shop Cos., Farm Fresh, Cullum Cos., Lucky Stores, Godfrey Co. and Southland Corp. are now gone from our list. Kroger Co. and Delchamps borrowed heavily to remain independent. The food retailers are takeover bait because of their valuable real estate as well as their stable cash flows, which help

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Wholesale and supply													
Marriott	46/33	1	22.2%	27.4%	412.6%	3.2%	3	20.6%	13.8%	3	19.2%	16.9%	$7,121
Super Valu Stores	77/74	2	21.2	18.1	76.4	1.3	7	13.4	5.6	7	8.0	22.4	9,808
Super Rite Foods	60/●	3	19.2	18.2	49.9	1.0	2	23.9	10.4	8	3.2	70.9	684
Sysco	●/●	4	17.5	18.2	108.8	1.9	6	16.5	28.2	5	10.6	48.2	4,899
Wetterau	●/79	5	16.8	19.2	161.1	0.9	8	12.8	17.8	4	10.9	13.8	4,588
Super Food Services	●/●	6	16.7	17.3	77.3	0.9	12	6.1	2.5	2	24.2	20.2	1,573
Fleming Cos	●/●	7	14.2	9.0	167.2	0.5	5	18.1	11.3	11	–2.1	–16.2	9,377
Intl Multifoods	48/27	8	13.1	10.0	27.2	2.0	10	9.0	18.7	10	–0.5	–40.9	1,801
Nash Finch	68/67	9	13.1	15.0	44.7	1.0	9	11.4	5.4	6	8.5	27.0	2,046
TW Services	59/42	10	12.2	14.3	235.7	1.8	4	19.0	64.0	1	80.7[d]	160.8	3,502
Rykoff-Sexton	●/●	11	11.2	12.6	46.5	1.5	1	31.6	8.4	9	0.2	41.3	1,179
Di Giorgio	79/47	12	3.4	8.7	69.7	1.0	13	1.3	2.2		NM	D-P	1,007
Finevest Foods	●/●		NA	15.0	113.4	0.5		NA	31.2		NA	–15.8	622
Richfood Holding	●/●		NA	0.0	101.6	def	11	6.5	15.7		NA	NA	1,123
Medians			**15.5**	**15.0**	**89.5**	**1.0**		**13.4**	**12.6**		**8.2**	**22.4**	
Major supermarkets													
American Stores	79/76	1	23.2%	12.0%	276.5%	0.9%	1	15.5%	9.4%	3	6.0%	–6.0%	$15,433
Albertson's	●/●	2	20.0	22.7	25.2	2.4	3	8.2	13.5	2	13.6	38.0	6,404
Winn-Dixie Stores	●/●	3	18.3	16.6	11.9	1.3	5	5.4	2.5	4	1.3	7.9	9,040
Kroger	●/●	4	12.8	18.6	74.5	1.1	4	7.1	6.7	5	–8.4	62.6	18,813
Great A&P Tea	●/●	5	11.3	13.6	39.0	1.2	2	15.3	6.6	1	33.9	28.3	9,761
Medians			**18.3**	**16.6**	**39.0**	**1.2**		**8.2**	**6.7**		**6.0**	**28.3**	
Regional supermarkets													
Mayfair Super Markets	●/●	1	42.6%	39.6%	155.3%	2.1%	10	8.7%	17.6%	2	43.4%	22.4%	$574
Food Lion	●/●	2	29.7	31.4	40.0	3.0	1	26.0	25.2	5	30.7	37.5	3,502
Bruno's	●/●	3	26.0	18.9	62.2	2.2	3	16.8	45.6	10	17.4	21.8	1,978
Big Bear	78/72	4	25.4	17.7	25.7	1.8	15	6.3	6.8	12	12.3	21.0	930
Giant Food	●/●	5	22.8	24.1	58.1	3.0	12	8.1	7.3	13	12.1	70.7	2,837

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FOOD DISTRIBUTORS

support big debt loads in good times and bad.

With their balance sheets now strained, some supermarket chains will be forced to raise food prices, cut costs, curtail expansion and perhaps sell assets. That will not please consumers, but it should delight conservatively financed chains, such as Albertson's, which may be able to exploit competitors' weaknesses and expand market share. Foreign-controlled operators, like Great Atlantic & Pacific Tea Co. and Food Lion, with over 11% of the U.S. food retail business already and considerable staying power, are expected also to increase market share in the year ahead.

Wholesalers, which supply independent stores that compete directly with chains, stand to gain from the situation as well. Some chains are turning to wholesalers rather than operate their own warehouses or build new ones. As a result, patient investors in these companies are finally seeing some payoff. Super Valu Stores' stock is up 30% year-to-date, Nash-Finch Co. climbed 36% and Wetterau rose 38%.

Another plus for wholesalers: Massive consolidation that has swept the industry for several years is producing some

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Fred Meyer	32/NA	6	21.2%	14.4%	44.8%	1.8%	8	11.0%	10.1%	7	27.3%	17.4%	$1,938
Weis Markets	●/●	7	19.0	17.8	0.0	7.0	13	6.9	2.8	14	11.4	11.1	1,153
Hannaford Bros	●/●	8	19.0	19.4	53.0	2.3	5	13.1	16.1	11	16.4	16.7	1,178
Schultz Sav-O Stores	●/●	9	16.4	17.6	92.7	0.7	17	2.9	–0.3	6	30.4	4.9	419
Arden Group	73/42	10	15.8	45.4	97.6	2.7	21	–5.8	–4.2	3	37.8	94.3	352
Ingles Markets	●/●	11	15.4[b]	12.4	58.1	1.6	6	12.1	16.0	9	18.1	12.7	749
Delchamps	●/●	12	15.1	13.6	59.1	1.1	9	9.2	8.0	17	–2.7	40.8	872
Village Super Market	●/●	13	14.1	14.7	91.3	1.0	7	11.9	9.5	4	35.9	6.4	621
Ruddick	82/48	14	13.4	14.0	69.7	1.7	4	14.6	13.6	15	4.2	26.0	1,104
Marsh Supermarkets	77/NA	15	11.5	13.4	111.4	0.9	11	8.5	8.8	8	24.9	–0.3	877
Seaway Food Town	●/●	16	8.0	41.4	108.3	1.8	20	–1.1	–2.1	16	–1.0	312.6	448
Craig	NA/NA	17	7.5	19.3	398.6	0.4	2	17.9	9.0		NM	36.6	1,041
Foodarama Supermkts	●/●	18	7.2	15.6	84.0	0.9	18	2.3	2.3	1	56.5	130.8	489
Borman's	●/●	19	def	def	500.0+	def	19	0.9	–4.8		NM	P-D	1,016
Penn Traffic	●/●		NA	43.2	479.1	0.7	16	4.7	8.7		NM	NA	653
Vons Cos	●/●		NA	def	337.7	def	14	6.7	10.4		NA	D-D	3,541
Medians			**15.8**	**17.7**	**84.0**	**1.7**		**8.5**	**8.8**		**16.9**	**21.4**	
Convenience stores													
Circle K	●/●	1	23.5%	14.8%	245.9%	1.8%	2	30.6%	14.9%	1	19.6%[d]	12.1%	$2,738
Dairy Mart	76/DP	2	16.7	15.8	209.4	0.9	1	73.3	6.4		NM	D-P	512
Natl Convenience	●/●	3	12.6	0.3	461.0	0.0	3	8.4	13.8		NM	D-P	965
Munford	68/PD	4	7.4	def	56.7	def	4	4.5	–10.3		NM	D-D	401
Medians			**14.6**	**7.6**	**227.6**	**0.5**		**19.5**	**10.1**		**NM**	**12.1**	
Restaurant chains													
McDonald's	●/●	1	22.6%	21.4%	85.9%	11.7%	5	12.0%	15.6%	3	14.1%	18.5%	$5,341
PepsiCo	36/26	2	22.4	28.5	84.5	5.9	8	7.9	10.3	1	25.0	28.0	12,290
Shoney's	84/77	3	20.5	17.6	NE	7.2	1	16.3	5.2	2	14.8	15.0	742
Collins Foods Intl	●/●	4	18.2	13.6	13.5	4.7	2	13.7	4.9	6	8.0	8.6	557
Pillsbury	42/25	5	16.6	5.2	72.4	1.1	3	13.6	0.3	5	8.2	–62.9	6,217
Morrison	61/79	6	14.1	17.5	11.0	4.1	7	9.5	15.5	8	–0.3	35.3	712
Jerrico	●/●	7	13.2	8.3	52.2	2.8	9	7.0	6.8	7	4.2	–22.7	645
Wendy's Intl	●/●	8	12.7	6.3	43.9	2.4	4	12.8	2.0		NM	500.0+	1,054
Church's Fried	●/●	9	10.1	1.6	7.1	1.0	12	–0.6	–2.2	9	–23.9	–56.0	403
Horn & Hardart	25/24	10	2.0	def	295.9	def	6	10.4	7.9		NM	P-D	471
Foodmaker	●/●		NA	16.0	451.0	2.3	11	3.4	39.0		NA	20.0	832
General Mills	28/18		NA	73.7	43.7	9.4	10	5.5	0.3	4	9.2	118.1	5,284
Medians			**15.3**	**14.8**	**48.1**	**3.4**		**10.0**	**6.0**		**8.0**	**16.7**	
Industry medians			**16.1**	**15.7**	**75.4**	**1.4**		**9.5**	**8.7**		**8.8**	**20.6**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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FOOD DISTRIBUTORS

powerful players. The big three here are Super Valu, Wetterau and Fleming Cos. As distribution systems become increasingly capital intensive, these giants will continue to outpace undercapitalized rivals.

Merchandising tactics are changing, too. "Piling high and selling cheap wears thin for the consumer," says food marketing analyst Philip Lempert. Baby boomers are willing to pay a few cents more for ketchup in exchange for better nutritional information and more product sampling at the store, and for decor that is less impersonal. One Minnesota chain, Byerly's, has put in chandeliers and carpeted the aisles.

Supermarkets are not the only ones threatened by the takeover wave. Grand Metropolitan Plc.'s attack on Pillsbury Co. has exposed widespread discontent among franchisees of its Burger King Corp. subsidiary. The vulnerability of the number two chain can only bolster McDonald's already commanding lead in the burger wars. Wendy's International, meanwhile, is suffering from unsuccessful new products and poor service, and has forfeited third place to lookalike Hardee's Food Systems. ■

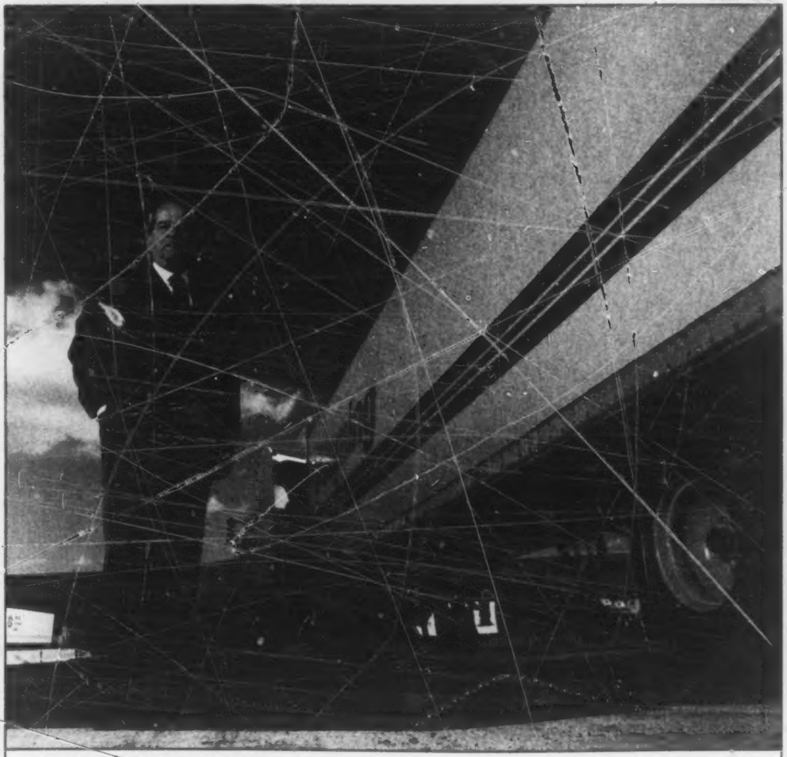
Unsung giant

Most people have never heard of Fleming Cos., yet groceries sold by 5,700 supermarkets in 37 states must first skid along conveyors in one of its cavernous warehouses. Since 1984 the Oklahoma City-based kingpin of food wholesaling has spent $870 million on acquisitions and more than doubled sales to an annualized rate of about $12 billion.

Fleming's growth has been swift but extremely painful. Its return on equity, after years in the 14%-to-18% range, has been in single digits since 1985. And Fleming's stock has been a heartbreaker. In 1987 it plunged from 45 to 22, and recently traded at 34.

Everything has gone wrong. First, depression in the farm and oil industries punished its operations in those regions. Next, the company bought two nonprofit cooperatives that gave Fleming overnight dominance in the northern California and Phoenix markets but have proved damnably slow to pick up profitmaking ways. Finally, the wholesaler took a 15-week strike last year, which chipped at least 30 cents off its 1988 per-share earnings, now estimated at $2.30.

Danny Turner



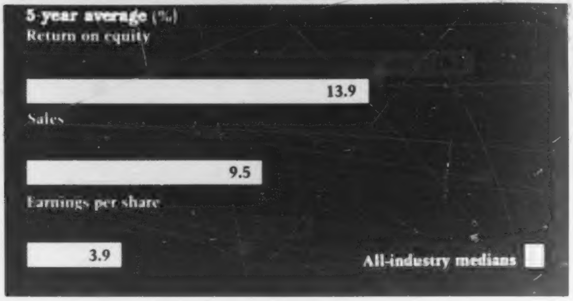
Fleming Cos.' Richard Harrison

But the company's fortunes are about to change. Two fresh acquisitions, Malone & Hyde and Godfrey Co., give Fleming strength in healthy parts of the country, and both are highly profitable. At long last, too, the troublesome co-ops are beginning to pull their own oars.

Further, major retail chains are farming out more and more of their distribution business, mostly to the biggest firms with sophisticated handling systems. Today, a 600,000-square-foot warehouse costs $60 million, six times more than a few years ago. Says Fleming Chairman Richard Harrison, 65: "The price of poker is going up." The 35-year Fleming veteran directed the expansion drive but managed to keep the balance sheet sound. Once the company's planned stock offerings are completed, its debt-to-capital ratio will be 54%.

Analysts are confident that Fleming will earn about $3.30 per share this year, and that means, given its price/earnings ratio of nearly 15 on estimated 1988 earnings, the stock could easily surpass a price of $42 before 1990 arrives.

FOOD PROCESSORS



Drought or no drought, in a "business of brands" the big boys will always stand out.

By Janet Novack

For branded food companies, 1988 was a year of famine into feast. At midyear the group lagged the market, held back by misplaced fears that a worsening drought in key farm areas would squeeze margins. Then the stocks took off, fueled by spectacular takeovers, such as Kohlberg Kravis Roberts' $25 billion leveraged buyout of RJR Nabisco.

By year's end 8 companies on our 1988 list of 44 had either changed hands or seemed likely to do so. Through it all, most

Seeds of a turnaround

Pioneer Hi-Bred International Inc.—the nation's leading supplier of hybrid corn seed—is a proud Iowa institution. But in recent years it's had about as much investment allure as a bushel of Iowa farm loans.

From fiscal 1985 to 1987, Pioneer's earnings fell 47%, to $1.69 a share, as the federal government required farmers on the subsidy train to idle more of their fields. Fewer acres means fewer seeds planted. What's more, as farmers cut costs, they turned to Pioneer's cheaper rivals, cutting its market share 3.5 percentage points, to 34.5% of the business. Result: In early December 1988 Pioneer's stock traded at 32, off 16% from its 1985 close. By contrast, the S&P foods index rose 76% in the same period.

Thomas Urban of Pioneer Hi-Bred

Curt Mass

But the 1988 drought and a heightened concern for stockholders have changed the outlook. The drought cut corn stockpiles by two-thirds, so Washington will allow acreage to climb about 13% in 1989. That means seed demand is set to rise, and Pioneer, headed by Chairman Thomas Urban, will be the biggest single beneficiary. Meanwhile, Pioneer has cut overhead and has finally ditched a misguided venture into computers that cost it almost $1.25 a share over the last three fiscal years.

In fiscal 1988 (ended in August) Pioneer earned $65 million, or $2.05 per share, on sales of $875 million. But Prudential-Bache analyst John McMillin now sees net of $2.40 a share in fiscal 1989, and in 1990—the real turnaround year—$3.75.

One sign of Pioneer's long-term staying power is that even during its lean years the company has pumped more money—some 6% of sales in 1988—into research and development. It now has some promising new hybrids that should give it a bigger advantage over rivals as seed demand firms again.

What could go wrong? If there's a drought in 1989, Pioneer might not have enough seed to sell in 1990. (It is planting extra acres in 1989 as a hedge, but will use up its stockpiles this year.) And there's always the danger that Washington will fiddle with farm programs again, playing havoc with the entire market. So no guarantees, but lots of potential.

FOOD PROCESSORS

large branded food producers continued to churn out the kind of predictably strong earnings and return on equity that make them such tempting targets.

Will the takeover action change the outlook in this sector much? Probably not. "It's a business of brands," says General Mills Grocery Products Food Group President Arthur Schulze. "Whether Maxwell House is owned by [an independent] General Foods or by a General Foods owned by Philip Morris doesn't make any difference." Of course, the competitive landscape could change if merged companies wind up

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Food commodities													
Savannah Foods	●/●	1	19.1%	11.4%	47.0%	1.5%	1	13.1%	10.7%	4	−10.8%	6.8%	$891
Pioneer Hi-Bred Intl	82/●	2	17.1	11.3	4.8	7.1	2	11.7	4.2	2	1.6	14.8	875
Intl Multifoods	52/73	3	13.1	10.0	27.2	2.0	3	9.0	18.7	3	−0.5	−40.9	1,801
Archer-Daniels	●/●	4	10.5	14.5	25.5	5.0	4	8.4	19.9	1	12.6	28.9	7,183
Medians			15.1	11.4	26.4	3.5		10.3	14.7		0.6	10.8	
Meatpacking													
Pilgrim's Pride	●/●	1	68.4%[b]	def	176.4%	def	3	12.6%	20.1%	1	65.1%[d]	P-D	$506
Hudson Foods	●/●	2	44.9	5.3%	175.1	0.7%	5	9.9	28.0	4	28.2[c]	−70.9%	549
Tyson Foods	●/●	3	30.7	30.2	64.6	4.2	1	29.2	8.4	2	50.5	19.8	1,936
Holly Farms	46/DP	4	18.4	16.5	48.8	3.3	7	3.6	16.8	5	25.3	2.1	1,704
Smithfield Foods	●/●	5	17.1	36.1	61.8	2.1	2	22.2	−18.8	3	43.9	105.8	813
United Brands	56/3	6	13.3	16.0	91.8	1.9	9	−1.2	6.4	6	11.9[d]	30.2	3,442
Geo A Hormel	●/●	7	12.4	16.2	5.2	2.6	4	10.3	7.9	7	11.4	4.7	2,293
Thorn Apple Valley	●/●	8	1.0	12.1	86.2	0.7	8	−0.8	−1.7		NM	D-P	591
Wilson Foods	●/●	9	def	9.3	82.6	0.5	10	−10.6	−1.8		NM	62.5	1,324
IBP	●/●		NA	12.3	82.2	0.6	6	7.1	17.2		NA	26.6	8,658
Medians			17.1	14.2	82.4	1.3		8.5	8.2		25.3	23.2	
Branded foods													
Kellogg	●/●	1	40.4%	38.2%	28.4%	10.9%	8	10.5%	16.1%	7	17.3%	21.0%	$4,222
Ralston Purina	67/51	2	35.2	41.1	143.6	6.6	24	4.5	0.1	1	50.7	−22.6	5,876
Philip Morris Cos	45/15	3	28.4	33.2	70.9	9.3	2	22.1	8.0	4	20.6	31.2	24,250
Dean Foods	●/●	4	23.2	17.8	18.4	2.8	3	14.2	9.6	12	11.9	9.2	1,573
HJ Heinz	●/●	5	23.0	26.0	33.3	7.4	23	4.8	11.9	9	12.8	17.1	5,376
PepsiCo	28/41	6	22.4	28.5	84.5	5.9	15	7.9	10.3	3	25.0	28.0	12,290
RJR Nabisco	60/33	7	21.2	22.9	95.3	8.1	5	12.9	5.2	14	11.3	17.4	16,657
ConAgra	64/61	8	21.1	20.9	59.8	1.7	1	39.4	7.6	5	19.2	14.5	9,828
Quaker Oats	85/80	9	20.6	19.9	23.9	4.8	7	10.6	16.2	2	27.7	3.0	5,494
Kraft	●/●	10	20.5	61.8	35.6	10.6	20	5.4	11.8	6	18.8	163.7	10,856
Sara Lee	48/46	11	20.2	21.0	64.2	3.1	14	8.3	14.5	13	11.8	22.0	10,775
Wm Wrigley Jr	●/●	12	19.5	29.9	0.0	9.9	17	6.1	14.6	8	16.3	34.4	873
Flowers Industries	●/●	13	19.3	21.9	49.6	5.6	6	11.0	−6.4	15	10.7	53.0	741
Hershey Foods	76/86	14	18.5	25.0	34.2	9.6	11	8.9	−9.3	17	10.1	44.4	2,162
CPC International	80/82	15	17.9	26.3	58.3	6.2	25	3.6	−9.1	10	12.5	−14.5	4,585
Curtice Burns Foods	●/●	16	17.1	18.7	200.2	2.1	18	5.6	7.2	20	3.1	45.6	705
Pillsbury	58/75	17	16.6	5.2	72.4	1.1	4	13.6	0.3	19	8.2	−62.9	6,217
McCormick & Co	●/●	18	16.2	12.2	57.4	3.0	12	8.8	10.6	22	−0.6	5.0	1,159
Campbell Soup	●/●	19	16.0	14.0	27.7	5.0	10	9.1	8.4	16	10.2	−1.8	4,869
Borden	71/66	20	15.5	18.0	70.9	4.2	13	8.4	16.4	11	12.5	17.4	7,064
Universal Foods	54/NA	21	14.1	16.2	53.4	3.8	16	7.1	1.6	21	1.1	19.1	721
Gerber Products	56/74	22	12.5	14.3	41.5	4.7	22	5.2	7.1	24	−13.0	93.4	1,003
Lancaster Colony	31/22	23	10.5	16.0	36.9	4.5	21	5.3	6.6	23	−11.0	13.4	459
IC Industries	33/45	24	7.1	17.3	68.6	7.6	26	1.8	−9.2		NM	53.0	3,700
American Maize	78/●	25	5.4	6.2	81.8	1.8	9	10.3	7.6		NM	−37.2	538
Castle & Cooke	●/●		NA	19.7	41.0	5.1	27	0.9[c]	25.5		NM	278.6	2,182
General Mills	72/82		NA	73.7	43.7	9.4	19	5.5	0.3	18	9.2	118.1	5,284
Medians			19.3	20.9	53.4	5.1		8.3	7.6		11.3	19.1	
Industry medians			18.2	17.8	57.4	4.2		8.4	8.0		11.6	19.1	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation see page 77.

Ironically, 1988's drought could lead to even fatter processor margins late this year. How so? Given a normal 1989 harvest, grain prices should fall. But the packagers won't roll back their price hikes.

with so much debt that they cut back on marketing spending or otherwise milk their brands.

As for the drought's effects, prices of some food grains did rise 50% or so. But most packaged-food companies were able to pass these costs on to consumers. One reason for that pricing flexibility is that grains typically account for less than 10% of the retail cost of baked goods and cereals. Also, as Piper, Jaffray & Hopwood food analyst George Dahlman observes, "The media provided exceptional free advertising for price hikes by putting every dry cornfield in Iowa on the evening news."

In the unlikely event of another drought, packagers could face scattered shortages. Oats, newly in vogue with the health-conscious, are causing particular supply concerns. Ironically, 1988's drought could actually lead to even fatter processor margins late this year. How so? Given a normal 1989 harvest, grain prices should fall in the second half of the year. But the packagers won't roll back their price hikes.

Still, the branded group should show lower percentage earnings gains in 1989 than in 1988, largely because 1988 comparisons benefited from lower tax rates. Yet the 1989 gains still should average in the low to middle teens. True, at-home food consumption is barely growing. But leading processors will continue, through aggressive marketing, acquisitions and line extensions, to consolidate their market share in what is becoming—in one category after another—an oligopolistic industry. And they'll be pushing even more high-value-added products, particularly microwavable and single-serving packaged foods. "The growth in single-serve hand-held products has been driving our categories as much as anything I know. People are grazing through the kitchen," says Sara Lee Chairman John Bryan Jr. ■

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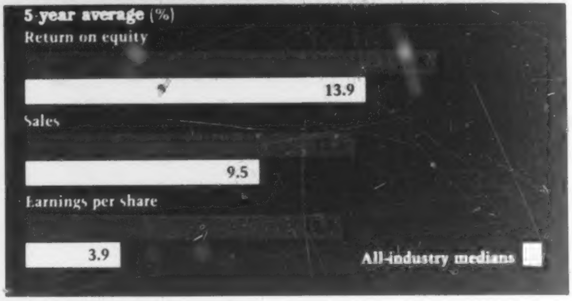


More patients and fewer beds. Those were the basic factors behind a bottoming out in this industry.

By Michael Fritz

After three years of precipitous declines the drop in hospital margins is easing. In fact, three of the five hospital companies on our list—Hospital Corp. of America, National Medical Enterprises and Humana—posted improved profit margins. This trend should bode well for nearly all sectors of the health industry in the year ahead.

What's behind the improvement? Growing ranks of the elderly and contraction in the number of hospital beds have ended the rise in vacancy rates. Make no mistake, hospital companies still face tough going. New admissions are coming from low-margin Medicare patients rather than from private patients, whose numbers are still declining. Still, Medicare rates are up 3.3% this year, versus the previous rise of around 1%, and that will help to narrow the gap.

So, with a growing sense that the worst may be over, executives at Health Management Associates and Charter Medical wasted little time in capitalizing on the market's dismal view of hospital stocks. They took their companies private through leveraged buyouts. Hospital Corp. of America's shareholders are expected to vote on a $3.6 billion LBO proposal in February.

Hospital companies continue to trim their exposure to low-margin general hospitals by building outpatient volume and by expanding into mental health and other specialty hospitals not subject to fixed fee reimbursements. Example: About half of National Medical's income now comes from psychiatric, drug abuse and rehabilitation hospitals, versus 16% in 1985.

Meanwhile, a shakeout continues among health maintenance organizations, where overeager expansion and poor management have caused severe losses and forced mergers. In contrast, firming hospital admissions and further cost-cutting helped supply companies show 23% earnings growth on only a 14% sales gain during the year.

Drugmaker profits were up moderately in the face of growing generic competition. An overall flat dollar didn't provide the currency lift of the past two years. Nearly half of the top 30 U.S. drugs are off patent and another 200 should come off by 1995. Lower manufacturing costs and sales of high-margin cardiovascular drugs—like Genentech's Activase and Merck's Vasotec—are helping. ■

Thank you, Medicare

Just two years ago Silver Spring, Md.-based Manor Care, Inc. was a big Wall Street winner. A mere $100 invested in this operator of nursing homes and Quality Inns in 1981 was worth almost $2,000 by 1987, excluding dividends.

But an overly ambitious nursing home expansion program, a $22 million aftertax loss in Beverly Enterprises stock and a writedown for unreimbursed Medicare charges pummeled earnings—from $41.5 million in 1987 to $37,000 last year. Investors dumped Manor Care stock, sending its price down from 19⅜ in the summer of 1987 to 9⅝ last spring.

Shaken, Manor Care Chairman Stewart Bainum Jr., 42, has pared back this year's expansion plans from 16 new nursing homes to 10. That should help stabilize Manor Care's margins and allow Bainum to meet his capital needs largely from internal cash flow.

Manor Care's Stewart Bainum Jr.

Rhoda Baer

Bainum's business should also get a lift from changes made last spring in Medicare eligibility requirements and from passage of the Catastrophic Coverage Act. Both will bring more high-margin Medicare business his way.

Until recently, only 2% of all nursing home admissions qualified for Medicare coverage. But under the relaxed new crit[illegible] Manor Care's Medicare business has already tripled, from 2.5% last February to 7.5% currently. Prudential-Bache Securities analyst Seth Shaw expects that number to exceed 12% by May and grow to perhaps 20% by May 1990.

Although Washington is not likely to allow Medicare nursing home payments to grow unfettered indefinitely, any move to cut reimbursements won't likely occur for at least two years, says Shaw. For that long, at any rate, Manor Care should have clear sailing.

Yardsticks of management performance

		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Drugs													
American Home Prod	64/NA	1	34.8%	35.8%	1.4%	16.8%	22	1.6%	8.1%	14	9.5%	11.1%	$5,413
Abbott Laboratories	53/69	2	29.9	34.5	14.5	14.8	11	10.5	15.3	4	18.2	20.5	4,865
SmithKline Beckman	74/87	3	28.8	13.3	66.0	4.5	14	8.4	11.9	16	8.7	–60.7	4,671
Marion Laboratories	●/●	4	28.4	46.1	0.0	20.7	2	31.0	22.4	1	56.3	50.0	787
Merck	●/●	5	24.7	53.3	12.0	19.5	12	9.7	20.4	5	18.2	38.8	5,800
Bristol-Myers	69/77	6	24.3	25.0	5.7	13.8	15	8.1	11.6	11	13.1	16.7	5,854
Rorer Group	●/●	7	23.5	14.1	132.6	5.8	7	16.9	8.9	9	14.0	132.1	998
Eli Lilly	65/NA	8	23.1	23.2	11.0	18.4	19	5.0	6.0	13	10.0	14.0	3,932
Pfizer	63/79	9	21.5	19.8	5.9	14.9	16	6.9	10.1	10	13.5	11.4	5,292
Squibb	85/89	10	21.2	27.8	5.5	16.4	20	4.1	21.4	2	22.5	–18.0	2,514
Upjohn	82/●	11	18.1	20.7	14.6	1[illegible]	17	5.7	9.0	6	17.6	16.4	2,692
Cardinal Distribution	●/●	12	17.8	22.5	79.4	2.0	1	34.1	3.6	7	15.4	126.1	604
Schering-Plough	69/75	13	16.0	25.7	12.2	12.9	13	8.5	9.8	15	9.0	29.7	2,893
Warner-Lambert	66/70	14	15.9	37.7	33.7	8.6	23	1.0	12.8		NM	20.6	3,820
Bindley Western Inds	●/●	15	15.1	3.9	122.6	0.1	6	17.8	26.3	20	–2.8	–65.8	1,212
Bergen Brunswig	80/83	16	14.6	18.2	98.3	1.0	4	26.5	3.3	19	0.3	117.6	3,486
Carter-Wallace	47/63	17	14.4	15.8	7.7	8.3	10	10.9	7.2	3	20.0	16.3	503
Alco Health Services	78/NA	18	12.7[a]	14.0	64.7	1.0	3	28.4	18.8	8	15.3[c]	11.5	2,059
Durr-Fillauer	61/54	19	12.7	8.6	65.4	0.9	5	21.7	9.8	17	8.1	–16.0	571
McKesson	72/58	20	12.6	13.4	60.8	1.3	8	13.8	3.4	18	5.2	8.3	7,185
American Cyanamid	39/46	21	12.1	16.2	26.5	6.7	21	3.1	10.4	12	12.7	15.6	4,514
National Intergroup	68/48	22	def	def	65.8	def	18	5.2	–32.5		NA	D-D	2,922
AH Robins	84/87	23	def[a]	NE	NE	def	9	12.1	11.5		NM	P-D	928
Medians			**17.8**	**19.8**	**14.6**	**8.3**		**9.7**	**10.1**		**12.9**	**15.6**	
Medical Supplies													
Pall	34/42	1	24.1%	21.4%	12.3%	13.4%	5	14.8%	11.4%	8	13.3%	18.3%	$429
CR Bard	●/●	2	20.1	24.8	11.1	10.2	9	11.7	18.5	5	17.8	27.6	733
Johnson & Johnson	33/27	3	19.1	27.5	19.9	10.8	12	6.4	14.2	12	5.8	25.5	8,828
Cooper Cos	●/●	4	18.5	def	164.8	def	1	34.9	75.4	7	15.8	P-D	919
Medtronic	●/●	5	18.4	23.4	1.1	13.0	13	5.7	34.5	11	7.8	27.6	714
Hillenbrand Inds	43/51	6	18.0	22.5	33.9	8.4	7	13.2	20.0	9	13.2	31.0	836
Bausch & Lomb	82/80	7	17.6	16.2	29.7	10.2	10	9.7	13.5	6	16.9	16.3	925
Millipore	NA/NA	8	14.9	16.2	30.1	8.8	6	14.3	21.3	10	10.5	20.8	606
Healthco International	●/●	9	14.4	10.7	42.2	3.3	8	12.5	13.4	1	51.8	66.4	443
Owens & Minor	64/66	10	13.4	11.7	49.4	1.2	4	22.2	27.1	3	19.0	4.9	698
Becton Dickinson	●/●	11	12.7	18.5	53.9	9.5	11	6.6	8.1	2	21.6	17.3	1,709
Baxter International	●/●	12	12.2	10.1	46.6	5.5	2	33.6	11.2	13	3.9	25.0	6,683
Corning Glass Works	30/34	13	10.9	19.3	29.4	14.1	14	5.4	6.9	4	18.7	90.5	2,118
Henley Group	26/41		NA	def	12.0	def	3	31.0	–19.8		NA	D-D	2,788
Medians			**17.6**	**17.4**	**29.9**	**9.2**		**12.9**	**13.9**		**15.8**	**22.9**	
Health care services													
United HealthCare	●/●	1	41.8%	def	100.1%	def	1	163.0%	17.3%		NM	D-D	$465
US Healthcare	●/●	2	36.3	5.8%	0.0	1.3%	3	67.2	21.6	3	22.7%	–78.3%	689
Manor Care	81/81	3	26.8	def	231.0	def	9	13.7	8.2	2	28.0	P-D	549
Humana	87/●	4	24.0	22.2	112.5	6.6	10	13.4	21.3	4	–4.1	23.7	3,435
National Medical	●/●	5	14.4	15.8	154.2	4.5	7	19.6	12.9	5	–7.3	124.4	3,308
American Medical	●/●	6	12.2	11.1	174.7	3.2	8	19.6	15.1		NM	–4.0	3,112
Hospital Corp	●/●	7	11.3	13.9	139.5	5.9	11	11.2	–18.9		NM	D-P	4,012
Universal Health	●/●	8	9.7	0.0	142.0	def	5	23.0	8.5	6	–40.3	P-Z	548
Beverly Enterprises	●/●	9	7.9	def	172.6	def	6	21.2	–5.3		NM	D-D	2,008
Maxicare Health	●/●	10	def	NE	NE	def	2	70.6	28.8		NM	D-D	1,885
FHP International	●/●		NA	52.3	121.5	3.3	4	39.2	41.4	1	47.3[d]	217.3	549
Medians			**13.3**	**5.8**	**139.5**	**1.3**		**21.2**	**15.1**		**–40.3**	**–78.3**	
Industry medians			**16.8**	**16.2**	**33.8**	**5.8**		**13.3**	**11.8**		**12.9**	**16.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. P-Z: Profit to zero. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

Cloning profits

After years of high hopes and low hypes, more than a score of bioengineered drugs, plants and animals will reach the market within the next three years. That is why FORBES' Annual Report on American Industry includes here, for the first time, a biotechnology group. Many of the firms in the accompanying table are poised for extraordinarily rapid growth as they move from developers to producers and marketers. All of these startups fall far short of the minimum criteria required for this survey. Yet we include the biotechnology industry because it is now uniquely positioned—perhaps more than any other group of companies—to change fundamentally the way we live.

That said, 1988 was a sobering year of smaller expectations. Genentech's much-trumpeted blood clot dissolver for heart attack patients—tissue plasminogen activator (t-PA)—became one of the bestselling first-year drugs in the history of the pharmaceutical industry. Yet so overblown were Wall Street's expectations that Genentech's stock was pounded, dropping 65% on the year. Its market capitalization, over $5 billion in 1987, is now $1.3 billion.

In many ways, Genentech was the lucky one. At least it is earning a profit—even after a $25 million earnings hit to cover excess inventory—and producing enough cash to finance its growth. The sad truth for the majority of biotech outfits is that there isn't enough cash to go around. With little investor interest in their stocks, companies are playing a waiting game, hoping that the money they raised in better times will see them through to market.

The less lucky scrambled to forge crucial ties with major pharmaceutical companies. With only $16 million in cash and several years to go before it gets to market, Bio-Technology General could run out of money before its big hope ever reaches the market. In contrast, Chiron, a developer of vaccines against hepatitis and herpes, bought some time by selling Ciba-Geigy 1 million new shares.

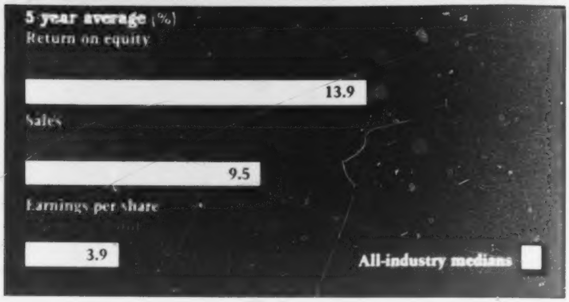
Patents continued to occupy biotech executives. Amgen is the outfit with the greatest potential for long-term profits, and its stock is one of the few trading above precrash levels. However, Stuart Weisbrod of Prudential-Bache is worried Amgen could tumble if it doesn't win or compromise in its current patent infringement battle over erythropoietin, a protein that stimulates the growth of red blood cells.

As clinical drug trials proceed toward marketing approval, analysts will be focusing on cash—how much of it companies have on hand and how fast it is being burned. The trick is to have raised enough money when the market was frothy. As Cetus Corp. cofounder Ronald Cape once told the *New York Times*: "The time to take hors d'oeuvres is when they're passing them around."—**Gary Slutsker**

Yardsticks of management performance	**Profitability**					**Growth**						**Sales**
	Return on equity				—	**Sales**			**Earnings per share**			
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
ALZA	1	33.8%	11.2%	55.1%	22.9%	21	25.1%	14.0%	3	33.9%	31.6%	$73
Diagnostic Products	2	24.0	23.8	0.0	26.2	22	24.8	28.3	4	23.9	36.2	44
Life Technologies	3	18.1	14.8	6.6	9.3	23	19.5	8.4	5	15.1[d]	11.7	125
Applied Biosystems	4	15.2[b]	17.2	0.0	13.0	6	88.6[d]	55.3	2	135.8[d]	87.5	142
ICN Biomedicals	5	6.6	11.1	54.0	8.3	15	48.5	19.7		NM	23.7	50
IGI	6	6.4	3.9	45.8	2.4	2	129.6	–3.1		NM	–50.0	16
Collagen	7	3.9[b]	def	54.5	def	24	17.8[d]	32.8	6	11.0[d]	P-D	32
Enzo Biochem	8	2.9[b]	def	250.9	def	18	40.9[d]	5.0		NM	D-D	9
Synergen	9	def	def	12.4	def	10	74.5	–16.6		NM	D-D	5
Gamma Biologicals	10	def	def	14.6	def	29	6.3	2.9		NM	Z-D	19
Genetics Institute	11	def	def	2.6	def	13	55.2	–7.3		NM	D-D	20
Cetus	12	def[b]	def	70.4	def	26	17.4[d]	–25.6		NM	D-D	33
Amgen	13	def	1.0	9.7	2.7	1	190.8	50.6		NM	150.0	60
Centocor	14	def	2.1	12.5	3.4	7	80.8	35.1		NM	D-P	57
Hana Biologics	15	def[b]	def	19.4	def	17	43.3d	–25.7		NM	D-D	6
Chiron	16	def[a]	def	0.3	def	12	62.4[d]	83.5		NA	D-D	24
Collaborative Research	17	def	def	0.0	def	27	16.9	34.1		NA	D-D	15
Biotech Research Labs	18	def	17.3	11.9	10.3	14	51.1	88.3		NM	366.7	17
Immunomedics	19	def[b]	def	19.6	def		NA	9.7		NA	D-D	4
Integrated Genetics	20	def	def	15.5	def	8	76.4	–5.9		NA	D-D	11
Immunex	21	def	0.5	87.0	1.4	11	70.8	60.0	—	NA	Z-P	16
Immucor	22	def[b]	6.9	6.1	11.4	20	34.6[d]	23.7		NM	33.0	9
Genentech	23	def	17.0	43.2	19.1	16	47.7	101.0		NM	D-P	330
Genzyme	24	def	0.8	10.5	1.1	19	36.8	38.7		NM	–50.0	21
Damon Biotech	25	def[b]	def	2.7	def	25	17.8	23.0		NA	D-D	7
Molecular Biosystems	26	def	4.2	0.0	19.3	3	125.7	90.8		NM	400.0	5
Calgene	27	def[a]	def	3.4	def	4	119.8[d]	17.2		NA	P-D	23
Synbiotics	28	def	def	1.0	def	9	75.7	15.0		NM	P-D	7
Cambridge BioScience	29	def	def	1.9	def	5	95.3[d]	NA		NA	NA	3
Applied Bioscience Intl		NA	15.8	7.4	8.3	28	13.7	40.1	1	201.2[c]	24.4	43
Industry medians		**def**	**def**	**11.2**	**def**		**48.5**	**23.0**		**NM**	**–50.0**	

Note: These companies are not included in the Growth, Profitability or Stock Market ranking reports. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. Z-D: Zero to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

HEAVY EQUIPMENT



Lo, after a decade of misery, the clouds have parted. Prosperity won't last forever, but 1989 looks as solid as can be.

By John H. Taylor

THE COMBINATION OF A weak dollar, increased capital spending and low inflation resulted in the best year in nearly ten for this long-suffering industry. At Caterpillar Inc., profits climbed 150% through the third quarter on the strength of increased sales of machines, engines and replacement parts. Deere & Co., the world's largest manufacturer of farm equipment, made more than twice as much money last year as it had made in the prior seven years combined.

The good times are likely to keep rolling in 1989. The dollar shows no sign of significant improvement, which means that export demand for U.S.-made products will be strong. Better still, American customers, including Ford Motor and Champion International, are themselves in the midst of capital expansion programs. Companies that make manufacturing equipment or parts like Cross & Trecker and Harnischfeger Industries have their largest backlogs in orders in many years.

Among the beneficiaries of this capital spending boom are machine toolmakers like Cincinnati Milacron. Nationwide, orders increased 72% during the first ten months of 1988, versus the comparable period in 1987. A $2 billion backlog assures toolmakers a profitable 1989. Says Cincinnati Milacron Chairman James A.D. Geier: "We haven't seen anything like it in eight years."

Companies that make abrasives, hydraulic pumps and other equipment used in the manufacturing process will also do well. They include Norton, Trinova and Parker-Hannifin. "We think one of the best ways to play the recovery of manufacturing is to invest in these parts suppliers and component producers," says John Mackin, an analyst with Morgan Stanley.

For makers of farm equipment, 1989 will be the best year in a decade. Oddly enough, one of the causes is last year's

A company reborn

A week after William W. Goessel went to work as president of Milwaukee's Harnischfeger Industries in 1982, he discovered the 98-year-old company was in default on about $175 million of loans. Goessel gritted his teeth, closed several plants, laid off nearly half of the company's 6,800-member work force, recruited a new team of managers and discarded Harnischfeger's construction equipment business, even though it had once accounted for almost half the company's sales.

Harnischfeger is a company reborn. Goessel, now chairman and chief executive, has long since repaid the creditors, has made two highly successful acquisitions, has reduced debt to 20% of capital and has started paying quarterly dividends for the first time since 1982. Net profits were only $14.4 million, or 51 cents per share, on $1.2 billion in sales in 1988, but that result includes a onetime $24 million loss to retire some high-priced debt. This year Harnischfeger is expected to earn a record $50 million, or about $1.80 a share.

More than three-quarters of the company's profits come from the two acquisitions Goessel made in 1986. First, he bought Beloit Corp., the country's largest manufacturer of papermaking equipment, and then Syscon Corp., a fast-growing Washington, D.C.-based maker of defense-related computer systems. The Beloit deal was particularly astute. Goessel got the company at the fire-sale price of $175 million—he sold a 20% interest seven months later for $60 million—and the acquisition coincided with a worldwide boom for paper products.

William W. Goessel of Harnischfeger Industries

Scott Witte

Now Goessel is concentrating on reducing the company's vulnerability to economic downturns. He is pushing the sale of spare and replacement parts for existing machinery, a business where demand is steady even during a recession. He is also scouting for acquisitions. "By creating more balance," he says, "we can accommodate the economic vicissitudes we know are coming."

drought, which drove up farm prices and eliminated much of the oversupply of wheat, corn and soybeans. R. Gerald Saylor, director of market economics at Deere, says total acreage planted in 1989 will rise to 335 million acres, a 10% increase over 1988. "The financial health of the American farmer is as solid as it has been in some time," Saylor says.

Is there anything on the horizon that could stall the recovery for heavy equipment makers? The traditional bugaboos: a recession, a sharp increase in interest rates or a rapidly strengthening dollar. Many of these companies are highly dependent on the automobile and construction industries. A downturn in either business would severely affect companies like Cross & Trecker and Masco Industries. Says Eli Lustgarten, an analyst at PaineWebber, "A lot of these companies have come back from nowhere, but you still have to watch it." Cyclical is still cyclical. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Agricultural													
Allied Products	49/●	1	2.8%	def	99.5%	def	1	19.8%	12.8		NM	P-D	$550
Deere	78/●	2	def	13.7%	34.6	5.1%	3	–2.8	43.1		NM	D-P	5,201
Varity Corp	55/36		NA	22.8	105.8	3.5	2	–2.2	38.7		NM	D-P	2,170
Medians			**0.6**	**13.7**	**99.5**	**3.5**		**–2.2**	**38.7**		**NM**	**P-D**	
Building and mining													
LB Foster	77/154	1	1.9%	26.8%	11.4%	3.7%	3	–3.2%	–13.4%		NM	D-P	$250
Caterpillar	●/●	2	def	16.6	34.1	6.0	2	6.2	28.2		NM	500+%	9,886
Clark Equipment	72/22	3	def	5.8	49.4	1.7	1	6.5	22.1		NM	D-P	1,219
Medians			**def**	**16.6**	**34.1**	**3.7**		**6.2**	**22.1**		**NM**	**500.0+**	
Industrial													
Nacco Industries	45/14	1	22.3%	20.0%	103.8%	7.1%	21	3.2%	14.5%	4	20.5%	16.8%	$584
Ametek	76/74	2	19.3	13.8	57.6	6.2	13	7.8	–6.6	14	6.4	–13.6	558
Kaman	45/25	3	17.4	16.9	71.1	3.5	11	9.9	12.2	5	18.2	15.9	764
Illinois Tool Works	●/●	4	16.7	21.4	37.7	7.0	1	28.1	15.0	6	16.4	21.3	1,881
Pentair	51/82	5	15.8	20.0	31.3	5.0	3	23.3	1.9	15	3.8	153.9	799
Stanley Works	39/42	6	15.6	15.8	50.7	5.3	8	12.3	11.4	7	15.4	19.8	1,881
Trinova	79/81	7	14.6	13.2	44.1	4.5	12	8.5	16.6	2	44.7	25.6	1,854
Masco Industries	NA/NA	8	14.5ᵃ	13.2	241.4	3.7	2	25.2	26.1	1	45.8ᶜ	[illegible]	1,643
Tecumseh Products	●/●	9	14.2	12.2	1.6	6.6	18	4.6	20.0	13	7.0	[illegible]	1,069
Parker-Hannifin	60/58	10	12.9	13.1	48.0	4.6	7	12.4	20.0	10	11.9	15.6	2,335
Interlake	63/14	11	11.6	17.9	29.8	5.8	27	–0.1	10.9	3	42.7	28.4	969
Harsco	34/23	12	11.4	15.4	29.6	5.2	15	5.6	17.8	8	14.6	20.1	1,299
Zurn Industries	73/77	13	10.2	10.8	12.6	4.9	22	2.6	1.0	16	2.0	9.8	419
Lincoln Electric	●/●	14	10.1	16.4	4.3	6.8	19	4.0	22.7	11	9.7	71.1	495
Sundstrand	27/22	15	9.9	def	48.2	def	10	10.0	3.6	17	–9.4	P-D	1,435
Whittaker	58/60	16	9.4	12.6	19.9	4.9	38	–27.5	13.8		NM	–6.6	480
Cooper Industries	51/39	17	9.3	12.8	71.3	5.1	6	13.0	19.1	9	12.1	21.9	4,074
General Signal	NA/NA	18	9.0	2.8	10.2	1.5	28	–0.1	10.5	18	–9.8	–60.3	1,719
Foster Wheeler	52/●	19	7.3	1.6	42.0	0.7	[illegible]	–5.8	–13.0	20	–37.3	–71.8	1,077
Bearings	●/●	20	5.7	12.7	0.0	2.8	14	7.4	12.6	19	–15.3	143.8	561
Crane	50/47	21	5.1	17.9	52.5	4.1	5	16.0ᵈ	–9.8	12	9.1ᶜ	7.7	1,108
Eagle-Picher Inds	60/62	22	5.0	20.4	42.6	5.7	17	5.2	14.3		NM	7.3	749
Talley Industries	NA/NA	23	4.7	1.4	138.4	1.0	26	0.1	21.1		NM	D-P	351
Ingersoll-Rand	●/●	24	4.5	12.5	23.9	5.0	24	1.3	10.3		NM	39.6	2,949
Kennametal	●/●	25	4.3	14.4	39.7	5.8	25	1.2	20.2		NM	35.7	438
Combustion Eng	●/●	26	2.7	2.1	37.2	0.5	33	–4.5	19.8		NM	–65.0	3,456
Norton	●/●	27	0.8	16.0	27.1	6.0	29	–0.2	19.2		NM	D-P	1,402
Stewart & Stevenson	●/●	28	def	20.3	42.5	4.3	30	–0.6	42.3		NM	152.8	392
Cross & Trecker	●/●	29	def	12.6	20.8	5.5	9	12.3	1.4		NM	D-P	428
Dresser Industries	43/49	30	def	7.7	17.4	3.1	32	–3.3	21.6		NM	D-P	3,834
Timken	61/●	31	def	5.4	16.8	3.3	20	3.7	30.5		NM	D-P	1,479
Ampco-Pittsburgh	75/●	32	def	def	46.2	def	23	2.4	–19.7		NM	D-D	248
McDermott Intl	73/PD	33	def	def	148.4	def	34	–5.8	–18.3		NM	D-D	2,302
Harnischfeger Inds	70/46	34	def	8.0	18.9	2.3	4	19.9	26.3		NM	500.0+	1,153
Cincinnati Milacron	●/●	35	def	def	76.9	def	16	5.2	4.2		NM	P-D	862
Foxboro	●/●	36	def	def	3.1	def	31	–2.1	0.3		NM	D-D	523
Todd Shipyards	35/PD	37	def	def	253.6	def	36	–14.4	8.2		NM	D-D	373
Allis-Chalmers	●/●	38	defᵃ	NE	NE	def	37	–22.3	–19.4		NA	D-D	399
Medians			**6.5**	**12.7**	**38.7**	**4.4**		**3.9**	**13.2**		**–15.3**	**16.4**	
Industry medians			**5.0**	**12.8**	**38.7**	**4.2**		**3.9**	**14.0**		**NM**	**19.9**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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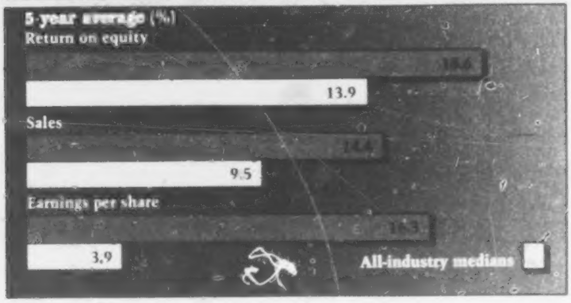
INDUSTRIAL AND OFFICE SERVICES



These companies do what no one else wants to do or knows how to do. By doing the difficult or the unpleasant they profit handsomely.

By Jason Zweig

"YOU'VE GOT TO BE KIDDING," we said after seeing one of the names that was added to this group since last year: Hartford Steam Boiler Inspection & Insurance Co. But then we realized that Hartford, with its stellar 32% return on equity, is the very embodiment of an industrial sector that profits handsomely by hauling garbage, killing termites and washing factory floors.

With polluted beaches and holes in the ozone on everyone's mind, the environment has become a hot topic again, and these companies should benefit accordingly. The expanding market for waste-to-energy incinerators continued to propel Ogden Corp., Browning-Ferris Industries and Wheelabrator Technologies, which was merged into Waste Management in August. Meanwhile, Browning-Ferris sought to ride the wave of public concern by naming William Ruckelshaus, former head of the Environmental Protection Agency, to replace Chairman Harry J. Phillips Sr., under whose rein the company had been charged with price-fixing, antitrust violations and environmental abuse.

The threat of computer "viruses" that can immobilize whole computer networks could mean opportunity for companies like Automatic Data Processing and Computer Sciences Corp., which sell their ability to process and store data securely. And since the paperless society remains as distant a mirage as ever, Deluxe Corp., the nation's largest printer of

It's alive!

When last we looked at Savin Corp. (FORBES, *May 16, 1988*) it was barely clinging to life. Dependent on Japanese suppliers after a disastrous attempt to manufacture its own products, the marketer of photocopiers was being buried by the collapse of the dollar against the yen.

In 1987 Savin peeled paper-thin pretax earnings of $423,000 off sales of $356 million while diluting existing stockholders' equity with issue after issue of new common stock. By last March Savin had 60 million shares outstanding, up from 7 million shares in 1982.

David Sadler of Savin Corp

Jodi Buren

But the new capital, and the toughness of Chairman David Sadler, are paying off. Since taking over in March 1986, he has slashed expenses by 20%. Last summer Savin began to expand its dealer network by 10% and added products like facsimile machines. Color copiers will follow. Another boost for the company came in July with a $7 million deal to supply copiers to the General Services Administration in Washington.

Results? Since 1986 debt has fallen 90%, to $19 million—and the stock dilution, now down to a trickle, should dry up entirely by spring. Sales will likely top $360 million in 1988. After a $2.1 million loss in the first quarter, Savin turned around, earning $3.8 million in the third quarter. With the stock selling at 28 cents on the New York Stock Exchange, here's a turnaround that's already in progress but that Wall Street hasn't yet spotted.

INDUSTRIAL AND OFFICE SERVICES

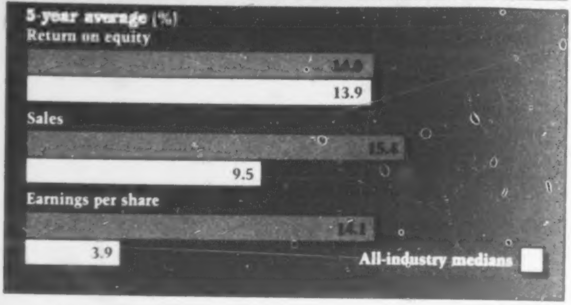
checkbooks, enjoyed sales growth of 20%.

The "simplification" promised by the Tax Reform Act of 1986 continued to complicate the lives of businesses and individuals, and companies in the tax field thrived. Earnings at H&R Block, the largest tax preparer in the U.S., leaped 18% on a sales increase of 13%. In the service economy it clearly pays to sell services. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Industrial services													
Rollins	●/●	1	38.4%	48.1%	0.0%	6.6%	12	7.1%	7.7%	5	26.1%	15.4%	$376
JWP	●/82	2	28.7	22.2	151.1	3.2	1	71.3	38.0	3	39.7	26.1	800
Ecolab	●/●	3	25.2	9.7	72.0	3.3	9	13.5	30.8	1	42.5d	–73.4	1,180
CDI Corp	81/80	4	23.4	27.4	75.2	2.0	6	16.0	32.0	4	30.0	100.9	655
Hartford Steam Boiler	NA/NA	5	23.3	31.6	20.2	15.5	7	14.6	7.0	2	41.3	21.2	443
Browning-Ferris Inds	●/●	6	22.8	23.8	59.4	10.8	5	17.7	27.3	8	17.3	28.8	1,971
Waste Management	●/●	7	21.3	22.5	45.6	12.8	3	23.7	30.7	6	24.7	–8.5	3,352
National Service	22/24	8	17.7	17.0	3.8	6.1	10	9.2	6.6	10	8.7	13.6	1,414
Millipore	NA/NA	9	14.9	16.2	30.1	8.8	8	14.3	21.3	9	10.5	20.8	606
Johnson Controls	38/27	10	13.8	13.6	41.9	3.3	4	19.0	15.8	11	3.1	28.6	3,100
Ogden	●/●	11	13.8	14.9	60.5	6.4	14	–19.9	18.1		NM	–51.9	969
Honeywell	19/24	12	5.8	6.0	32.8	1.9	13	2.5	14.0		NM	D-P	7,198
CRS Sirrine	●/●	13	def	14.3	4.5	1.4	2	26.9	64.5		NM	D-P	551
VWR Corp	●/●		NA	12.4	60.2	1.4	11	9.1	14.5	7	23.8c	–34.2	594
Medians			**21.3**	**16.6**	**43.7**	**4.7**		**14.4**	**19.7**		**20.5**	**21.0**	
Office products, services													
Microsoft	●/●	1	73.9%	43.2%	0.0%	21.0%	1	65.9%	74.1%	1	72.6%	78.5%	$665
General Motors EDS	●/●	2	40.2	36.5	32.4	8.3	2	61.8	7.3	2	48.8	32.4	4,624
Commerce Clearing	43/45	3	37.5	28.9	7.4	9.1	25	9.7	9.0	19	14.1	4.5	596
Continental Info Sys	●/●	4	34.1	0.2	500.0+	0.0	3	44.5	115.1	6	30.9	–99.1	733
Deluxe Corp	●/●	5	33.3	28.6	2.1	12.7	21	11.6	19.6	13	19.6	0.6	1,109
Comdisco	●/●	6	29.3	3.6	105.2	1.3	12	19.3	13.5	8	24.3	–81.9	1,309
Kelly Services	●/●	7	28.6	32.2	0.0	4.7	8	23.2	12.7	5	32.3	30.5	1,259
H&R Block	40/24	8	23.3	23.8	1.3	10.9	10	20.0	13.2	21	12.7	17.8	790
Herman Miller	●/●	9	21.8	19.1	25.7	5.9	16	14.6	23.4	15	16.3	26.8	743
Olsten	●/●	10	21.1	26.4	80.5	3.3	6	28.2	31.4	4	36.4	38.5	493
Pitney Bowes	●/●	11	20.4	22.2	25.4	10.0	26	8.6	6.9	12	19.6	26.5	2,320
United Stationers	●/●	12	19.8	17.4	36.9	2.7	7	25.4	17.3	20	13.8	51.5	856
HON Industries	89/●	13	19.8	18.6	31.9	4.1	18	14.1	6.6	10	21.8	–2.4	571
Computer Associates	●/●	14	19.0a	24.6	21.6	15.1	4	42.4	39.6	3	45.8	90.2	811
Standard Register	●/●	15	18.8	14.2	21.5	5.8	15	14.9	1.1	16	16.7	2.8	665
Automatic Data	●/●	16	18.3	18.8	24.9	11.0	14	16.0	11.2	17	1[illegible].6	22.8	1,584
Kinder-Care	NA/NA	17	18.2	10.1	169.6	4.5	5	34.4	64.1	14	19.2	–11.4	779
PHH Corp	●/●	18	17.9	7.0	377.1	1.3	9	21.4	18.6	23	3.9	–45.2	1,685
Reynolds & Reynolds	59/64	19	17.3	9.7	51.1	3.0	11	19.4	6.6	11	20.0	–12.0	600
Diebold	●/●	20	16.6	10.0	1.4	7.5	31	–0.7	5.3	28	–6.9	0.8	453
Avery International	60/70	21	16.0	10.5	43.8	3.2	17	14.2	10.3	24	3.9	–16.5	1,552
Moore Corp	●/●	22	14.5	14.3	4.9	6.7	29	4.5	13.0	22	7.0	40.0	2,493
Computer Sciences	●/●	23	14.2	14.0	23.8	4.0	22	11.4	8.3	18	14.8	26.6	1,195
Alco Standard	86/69	24	14.0	18.6	26.6	2.9	27	7.8	5.5	25	2.3	28.7	3,817
Esselte Business Sys	60/45	25	14.0	13.4	45.1	4.3	13	18.9	19.9	9	23.0	14.3	1,386
Nashua	74/66	26	13.7	14.8	22.8	3.2	28	7.6	20.0	7	26.3d	33.5	976
Dennison Mfg	51/50	27	12.8	14.6	36.0	4.8	30	3.8	–1.2	26	1.6	–6.5	709
American Building	●/●	28	10.1	8.9	21.1	1.1	19	12.3	9.9	29	–11.3	58.1	566
Xerox	68/47	29	9.1	11.3	31.0	3.8	23	10.5	14.3	27	1.4	22.8	16,453
Volt Info Sciences	●/●	30	6.3	def	110.6	def	24	9.9	6.4		NM	P-D	461
Savin	●/●	31	defa	NE	27.2	def	32	–2.8	3.2		NA	P-D	359
AM International	●/●		NA	def	46.7	def	20	11.6	–29.4	30	–57.2c	P-D	821
Medians			**18.3**	**14.5**	**26.9**	**4.2**		**14.4**	**12.0**		**16.2**	**16.1**	
Industry medians			**18.6**	**14.8**	**31.5**	**4.2**		**14.4**	**13.8**		**16.3**	**19.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

INSURANCE



Price competition walloped property/casualty earnings; life companies struggled with growth.

By Laura Jereski

WHAT HAS BEEN HAPPENING to most property and casualty insurance companies lately is no accident. Two years of fierce price competition have brought rates down in certain classes as much as 40% from 1986 levels—with wholly foreseeable consequences. Third-quarter earnings for the industry are down 10%, and that's just the beginning. Says Denis Callaghan of Alex. Brown & Sons: "We're forecasting declining reported earnings for most of the property and casualty companies we follow." As though that wasn't bad enough, California voters decided to defy the laws of economics and voted themselves cheaper auto rates in a referendum. Not surprisingly, a good many companies were preparing to pull out of the state.

Bad signs abound. Combined ratios, the sum of underwriting losses and the expense of getting the business, are edging up again, to 105% of premiums, from 102.4% in 1987. That means heavy losses, though probably not as deep as the $70 billion in underwriting losses the industry took between 1982 and 1985, the last downturn.

As the costs of litigation and of jury awards swelled and

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Brokers													
Marsh & McLennan Cos	64/73	1	35.4%	38.2%	2.1%	13.3%	1	19.7%	7.9%	1	23.3%	1.7%	$2,242
Alexander & Alexander	87/●	2	3.5	15.7	53.3	5.4	2	8.7	1.7		NM	2.1	1,138
Medians			19.5	26.9	27.7	9.3		14.2	4.8		NM	1.9	
Diversified													
Reliance Group	●/●	1	25.2%	17.9%	176.1%	1.5%	14	15.2%	3.8%	1	80.7%	-63.9%	$3,566
Loews	79/43	2	23.9	28.7	36.6	9.2	12	16.6	16.3	5	28.2	90.6	10,151
Teledyne	25/NA	3	22.7	23.0	25.9	13.4	26	2.2	3.7	10	17.4	83.1	3,365
Aon	●/●	4	18.7	14.8	36.9	6.1	10	17.0	22.8	12	16.4	-1.3	2,745
Farmers Group	●/●	5	17.7	19.1	12.9	24.6	18	12.3	6.2	13	15.4	24.6	1,191
Harcourt Brace	28/13	6	17.4	NE	NE	5.6	15	14.0	26.5	2	42.7	D-P	1,706
American Intl Group	●/●	7	17.2	20.7	3.9	9.0	4	27.3	21.6	8	20.3	9.8	12,984
Cincinnati Financial	●/●	8	16.6	18.8	0.3	13.4	9	18.8	5.1	9	17.7	33.3	904
Old Republic Intl	●/●	9	16.5	14.5	25.2	8.7	3	30.3	-6.9	16	10.5	-0.7	1,062
Safeco	●/●	10	16.4	16.2	27.7	8.3	17	12.3	8.1	6	28.1	-11.1	2,753
Zenith National Insur	●/●	11	15.9	17.7	5.0	9.8	1	37.9	8.4	21	6.2	10.4	498
CNA Financial	●/●	12	15.4	17.4	1.3	6.5	7	19.6	10.8	4	30.6	53.5	7,896
Gt Western Financial	29/7	13	14.9	10.4	55.6	6.6	6	23.4	-28.4	7	27.0d	-32.5	3,044
Uslico	●/●	14	14.6	12.8	14.4	6.8	2	35.8	-4.8	20	7.0	-0.6	493
FPL Group	19/NA	15	13.8	13.9	103.0	9.2	24	8.2	9.8	22	5.6	9.2	4,739
American General	●/●	16	13.8	10.0	73.4	7.7	11	16.6	-13.2	18	9.5	-27.4	5,687
General Re	●/●	17	13.8	18.1	4.8	15.6	8	19.6	-16.3	11	16.9	3.0	2,950
Independent Insurance	●/●	18	13.3	7.7	9.6	4.5	25	3.6	7.8	25	1.2	-15.5	487
Kemper	76/72	19	13.1	12.9	16.1	5.3	16	13.7	6.8	14	15.3	-22.1	3,772
Sears, Roebuck	32/52	20	13.1	10.7	72.9	2.8	22	9.2	10.9	19	7.8	-10.9	52,536
Lincoln National	●/●	21	12.4	5.5	17.6	1.7	13	15.7	1.3	15	14.3	-58.9	6,992
Transamerica	86/65	22	12.0	13.6	214.5	4.4	20	10.0	14.2	17	9.8	-17.3	7,784
Aetna Life & Cas	●/●	23	10.2	11.6	12.6	3.0	19	10.4	7.0	3	34.1	-20.1	23,646
Travelers	●/●	24	10.1	def	23.1	def	21	9.2	4.0	23	3.5	P-D	18,534
American Bankers	●/●	25	9.6	16.6	104.8	2.6	5	23.6	18.7		NM	D-P	798
ITT	50/24	26	9.2	13.8	29.4	5.2	27	-3.0	11.2	24	2.8	44.7	20,687
Cigna	66/67	27	5.1	9.1	7.0	2.8	23	8.4	4.1		NM	-38.7	17,588
Medians			14.6	13.9	23.1	6.5		15.2	7.0		15.3	-0.7	

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profits dwindled, insurance rates had only one way to go: up. And that feeds demagogues who want to legislate lower rates. In the happiest position were conservative companies like General Re, which derives a major portion of its premiums from overseas markets relatively unaffected by price wars. Also better off were specialty insurers like marine and aviation insurer New York Marine & General or Hartford Steam Boiler.

For multiline insurers, which write life and group health as well as property and casualty, the most vexing problem continues to be rising health care costs, which the multilines have translated into price boosts of as much as 40% for group health policies. But these gains have been largely offset among the multiliners by premium price-cutting in property and casualty.

After several years of double-digit growth, the life insurance companies confronted a sudden and costly surprise in their universal and variable life policies. Since these are sold

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**latest 12 mos ($mil)**
Life and health													
First Capital Holding	●/●	1	45.8%[b]	20.9%	162.7%	5.6%	1	500.0+%[d]	128.6%	1	79.8%[d]	9.7%	$438
ICH	76/85	2	38.5[b]	def	153.5	0.8	2	73.3	17.0	5	26.1[d]	P-D	2,810
First Executive	●/●	3	25.6	12.3	15.5	6.2	12	22.3	–15.4	17	1.6	9.7	3,141
National Western Life	●/●	4	24.9	7.1	0.0	1.6	6	34.9	–3.7	18	–0.5	–29.9	397
American Family	●/●	5	21.3	19.8	26.2	4.8	11	25.8	27.0	3	36.6	–5.3	2,242
Torchmark	●/87	6	18.8	22.0	60.2	10.7	14	15.4	2.6	6	25.9	0.7	1,642
Southmark	31/15	7	18.6	def	166.0	def	4	47.0[c]	36.1	16	3.9	P-D	3,035
Ethyl	33/27	8	17.8	23.6	55.6	11.5	22	–0.2	19.9	9	23.3	24.8	1,967
Capital Holding	●/●	9	16.7	12.8	28.1	7.5	15	13.5	3.0	10	22.3	–40.4	1,884
Kentucky Central Life	73/59	10	14.9	10.0	52.9	5.0	8	32.8	3.6	7	24.3	–27.5	532
Monarch Capital	●/●	11	14.4	6.6	27.1	3.0	3	51.0	–59.7	8	23.5	–52.3	900
American Natl Ins	85/●	12	14.1	5.6	0.1	8.6	19	4.2	9.3	15	9.3	–57.7	961
Provident Life & Acc	●/●	13	14.0	6.5	19.0	2.5	13	19.3	12.3	14	10.0	–49.4	2,735
Kaufman & Broad	56/56	14	13.0	14.4	188.7	2.6	10	29.1	43.3	2	38.2[d]	–15.9	2,009
Jefferson-Pilot	●/●	15	12.6	7.1	0.0	7.1	20	4.0	5.4	13	13.9	–44.3	1,218
Primerica	33/46	16	12.6	17.7	155.7	5.8	24	–4.4	22.0	11	22.1[d]	1.1	4,235
BMA Corp	67/DP	17	11.2	5.3	13.1	2.9	17	8.1	15.1		NM	–75.4	509
No'western Natl Life	●/●	18	9.7	8.3	6.3	2.4	5	35.4	7.2	4	35.0	–28.7	1,354
Equitable of Iowa	44/67	19	9.5	7.2	7.4	3.1	21	2.6	17.9	12	20.8	1.9	581
Integrated Resources	60/33	20	9.3	6.8	152.5	3.4	7	33.5	28.6		NM	–33.8	1,386
USLife	●/●	21	8.0	7.9	32.2	5.7	18	6.5	2.6		NM	–9.6	1,242
Washington National	●/●	22	4.8	def	1.3	def	23	–3.8	18.8		NM	P-D	940
Statesman Group	●/●	23	4.0	0.3	68.6	0.2	9	31.2	33.4		NM	–95.2	681
UNUM Corp	●/●		NA	8.7	0.0	5.2	16	11.4	2.2		NM	NA	2,166
Medians			**14.1**	**7.5**	**27.6**	**4.1**		**20.8**	**13.7**		**17.4**	**–29.9**	
Property and casualty													
Geico	●/●	1	35.7%	26.0%	35.3%	9.6%	10	15.3%	9.7%	4	34.5%	–26.1%	$1,694
Argonaut Group	●/●	2	33.1[a]	47.0	0.0	40.5	20	–0.9	9.2	9	18.9[c]	142.5	461
Progressive	●/●	3	33.0	22.3	46.3	7.2	3	34.8	34.3	1	45.0[d]	–7.5	1,205
20th Century Inds	●/●	4	25.9	24.6	4.4	7.9	4	34.2	22.9	5	30.3	15.1	593
First Amer Financial	●/●	5	25.1	9.4	39.7	2.1	6	25.0[d]	–6.2	8	22.5[d]	–63.8	617
Hartford Steam Boiler	76/●	6	23.3	31.6	20.2	15.5	11	14.6	7.0	2	41.3	21.2	443
Berkshire Hathaway	42/32	7	17.4	12.1	10.9	15.1	2	41.9	–1.7	3	36.7	68.4	2,285
Hanover Insurance	●/●	8	14.3	22.2	0.0	7.6	8	19.7	14.8	6	27.0	3.4	1,552
Selective Insurance	●/●	9	13.5	23.5	11.3	9.0	18	9.7	15.4		NM	3.3	467
Chubb	78/78	10	13.4	16.2	16.7	8.1	7	20.3	7.8	7	26.0	–5.8	3,923
Foremost Corp of Amer	82/73	11	12.7	11.6	27.3	7.4	13	13.5	–8.6	11	9.0	–21.1	451
Ohio Casualty	●/●	12	11.3	11.9	0.0	4.6	14	12.8	0.9	10	13.4	–33.8	1,576
Continental Corp	75/81	13	10.7	4.0	35.5	1.8	15	11.7	–2.1	12	6.7	–70.9	5,801
WR Berkley	●/●	14	9.9	22.4	33.6	11.3	5	31.3	3.1		NM	13.7	531
USF&G	●/●	15	9.6	14.5	12.2	4.7	9	17.7	17.6		NM	13.9	5,465
Xerox	27/47	16	9.1	11.3	31.0	3.8	16	10.5	14.3	13	1.4	22.8	16,453
St Paul Cos	●/●	17	7.8	18.3	20.5	9.3	17	9.9	3.8		NM	4.0	3,492
Fireman's Fund	●/●	18	6.8	15.6	37.4	5.9	19	5.4	–11.2		NM	–23.5	3,592
Orion Capital	●/●	19	def	16.8	45.5	4.3	12	14.1	10.8		NM	D-P	577
Alleghany	●/77		NA	9.1	28.6	4.6	1	132.7[d]	1.9		NM	NA	994
Home Group	●/●		NA	9.3	219.0	2.9	21	–2.8	17.8		NM	–43.3	2,822
Medians			**13.4**	**16.2**	**27.3**	**7.4**		**14.6**	**7.8**		**9.0**	**3.3**	
Industry medians			**14.0**	**13.3**	**26.0**	**5.7**		**15.4**	**7.9**		**14.1**	**–6.7**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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heavily as investment vehicles, public disenchantment with the stock market curtailed their sales.

Hardest hit were variable life sellers like Monarch Capital, where new premium volume sank from $1 billion in 1987 to less than $200 million last year. ■

Feeling better, thank you

Until recently Provident Life & Accident, the disability and group health insurer, was itself looking poorly. Among its problems: the unexpectedly heavy cost of integrating its 1987 purchase of Transamerica Occidental, which specializes in insuring smaller companies. In theory, the higher premiums per employee that small companies pay were to have boosted margins for 60% of Provident's group business. "We underestimated how difficult it would be to make the acquisition," says Chief Executive Winston Walker. Provident's operating income slid from $108 million in 1985 to $15.5 million in 1987.

Chad Slattery

Winston Walker of Provident Life & Accident

Now it looks like Walker has his company back on track. He has nearly finished integrating Transamerica's computerized claims-processing system into Provident's. He has also pushed through premium rate increases and brought in new business in Cleveland, Chicago and the West Coast. Finally, Walker dumped a property and casualty business just before cutthroat price competition took its toll on earnings.

Add it all up and Provident should report at least $2.50 in operating earnings per share in 1990, up from a dismal 33 cents in 1987 and an estimated $1.50 in 1988.

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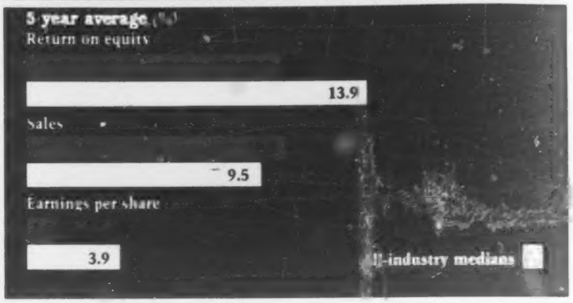

Was the economy in trouble? You wouldn't know it from the way Americans spent money to have fun.

By Deirdre Fanning

IF ANYONE THOUGHT the October 1987 stock crash signaled trouble ahead for the industries in this group, he was wrong. As things turned out, 1988 was a good year all around. Moviemakers headed into the 1988 Christmas season with box office revenues up about 5% from the previous year's record of over $4 billion. Despite spiraling production costs, most of the bigger movie studios continued to be profitable. *Good Morning Vietnam, Three Men and a Baby* and *Who Framed Roger Rabbit*—blockbuster hits all—kept Disney's aftertax profit margin hovering at around 15%. The Warner Brothers moviemaking subsidiary of Warner Communications did moderately well, but strong sales by the record division helped improve its profit margin, from 8.7% in 1987 to 10%.

One sector of the entertainment group did suffer in 1988, however: small independent movie studios. Many of these

Toyland turnaround

The last five years haven't been fun for Hawthorne, Calif.-based Mattel, Inc. The toymaker's sales have dropped 23% from a 1982 peak of $1.3 billion, profits have been erratic and two major financial restructurings have been launched, at major expense, to try to revive the onetime industry leader. Three separate management teams also have attempted everything from pouring money into elaborate high-tech toys to shipping Christmas toys late in order to stand out in the heavily saturated toy market. But in the last two years alone the company has lost as much as $121 million. "Every year [people] have said it would be a turnaround," says Balis Zorn Gerard Inc. analyst Sean McGowan, "and every year people have been disappointed."

Until now. Under the two-year-old reign of Chairman John Amerman, 56, the company's prospects are suddenly looking up. Although revenues were down around 11% for the nine months ended September 1988, Mattel managed to turn in earnings of 53 cents per share, a substantial increase over the meager 14 cents it earned for the same period in 1987. Inventories, which had become dangerously high, have been reduced some 40%. The stock has moved, increasing 40% in the last year.

Behind Amerman's success is a dicey strategy: sacrifice future sales growth for present profitability. By closing 40% of Mattel's plants, laying off 22% of the headquarters staff, refinancing expensive debt and even cutting back on advertising, Amerman is trying to squeeze some earnings out of the company before embarking on stage two of its revamping: a return to its traditionally strong toys like Barbie dolls and Hot Wheels.

This, in short, is a turnaround still very much in its infancy. Although it improved noticeably in 1988, the toy business is still plagued by a minirecession. To cope with stagnating sales Mattel was forced to take on significant debt over the last few years—now 64% of its total capital. Moreover, Amerman's emphasis on traditional toy fare is risky. Toy-buying parents can be fickle, like their kids. But for now, at least, Mattel's message to Wall Street is that profits will come before revenue growth. And that can't be all bad for its shareholders.

John Amerman of Mattel

Nina Barnett

companies went public in the frothy stock market of the mid-1980s and took their new shareholders to the cleaners. In 1988 De Laurentiis Entertainment Group filed for Chapter 11, New World Entertainment struggled through a restructuring, and Cannon Group teetered at the edge of bankruptcy before it was bailed out—and taken over—by a pair of Italian dealsters.

Meanwhile, the toy industry overcame a two-year-old recession to stage a minor comeback in 1988, largely through cost-cutting. After dabbling unsuccessfully in expensive high-tech toys, companies like Mattel and Hasbro are returning to old reliables like Barbie and G.I. Joe. In the case of market-leader Hasbro, those measures helped the company book profits of 4.3% in 1988.

Casino visitors to Atlantic City and Nevada gambled about 7% more than they had in 1987. But in Atlantic City, at least, the outlook beyond 1989 may be more gloomy, since the huge Taj Mahal complex is due for completion by year's end. That means 1,250 new hotel rooms, 120,000 more feet of casino space and, absent an offsetting rise in players, proportionally reduced profits for everyone.

Faced with even more of a potential glut from overbuilding, Nevada has accelerated its pursuit of the convention and trade show business. Golden Nugget is building a 3,100-room hotel on the Strip in an attempt to lure conventioneers. But for 1988, at least, the real news was the steady influx of high rollers from the Far East. That, along with the rapid growth of the gaming market in Laughlin, 90 miles south of Las Vegas, helped Nevada's overall 1988 revenues jump about 9% over the previous year's. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Entertainment													
General Cinema	35/16	1	34.1%	19.7%	133.1%	5.0%	10	3.1%	96.5%	4	8.5%	–10.5%	$2,040
Handleman	●/NA	2	23.1	23.0	6.0	6.2	8	17.0	18.4	2	27.1	28.0	555
Walt Disney	●/87	3	14.7	27.1	19.6	15.2	5	23.0	19.5	1	42.5	17.6	3,438
United Artists	65/44	4	14.1	32.5	500.0+	4.5	7	17.5	28.9	7	–16.2	500.0+	842
MCA	70/89	5	10.8	7.1	74.7	4.1	9	12.1	6.8	6	–3.1	–15.6	2,736
Gulf & Western	39/38	6	9.6	17.6	61.1	7.3	13	–8.2	19.7		NM	30.4	5,073
Columbia Pictures	●/●	7	8.1	def	94.1	def	6	20.3	16.0	3	9.7	P-D	1,275
Tele-Communications	28/13	8	7.8	0.6	500.0+	0.3	1	37.4	50.7	5	–1.4	–90.6	2,134
Warner Commun	85/87	9	5.3	27.7	29.7	10.0	12	–3.5	26.1		NM	44.6	4,035
Lorimar-Telepictures	●/●	10	def	def	500.0+	def	3	25.7	–15.5		NM	D-D	592
Orion Pictures	●/●	11	def	6.7	248.9	2.2	4	25.1	17.1		NM	–19.7	449
Cannon Group	●/●		NA	NE	500.0+	def		NA	NA		NA	NA	363
MGM/UA Commun	●/●		NA	def	157.4	def	11	–0.5	57.8		NM	D-D	675
Turner Broadcasting	35/48		NA	NE	500.0+	def	2	32.3	26.0		NM	D-D	775
Medians			**9.6**	**6.9**	**145.3**	**3.1**		**17.5**	**19.7**		**–16.2**	**–15.6**	
Hotels and gaming													
Carnival Cruise Lines	●/●	1	58.0%	29.4%	11.3%	31.7%	1	22.2%	10.1%	1	28.8%	8.6%	$595
Circus Circus	73/NA	2	26.3	28.7	177.9	14.4	3	18.6	23.2	2	20.5	63.6	503
Marriott	41/51	3	22.2	27.4	412.6	3.2	2	20.6	13.8	3	19.2	16.9	7,121
Hilton Hotels	●/●	4	17.9	20.0	41.2	17.3	7	5.6	11.5	6	7.8	47.0	891
Holiday	●/●	5	15.5	NE	210.9	7.2	8	2.6	–3.9	4	16.9	–20.3	1,609
Caesars World	●/●	6	10.1	31.0	249.9	8.4	5	6.4	4.0		NM	72.4	840
Ramada	85/83	7	3.2	0.5	156.0	0.3	6	6.1	–27.8	5	10.7^{d}	–84.6	535
Bally Manufacturing	60/59	8	0.5	5.7	278.6	1.8	4	7.2	14.7		NM	–34.6	1,846
Medians			**16.7**	**23.7**	**194.4**	**7.8**		**6.8**	**10.8**		**13.8**	**12.7**	
Recreation													
Brunswick	84/●	1	22.2%	25.0%	40.9%	6.3%	1	20.0%	20.6%	1	6.9%	30.4%	$3,328
Coleman	74/77	2	10.3	13.3	39.7	3.8	2	10.5	12.1	2	1.3	36.2	650
Outboard Marine	84/88	3	9.8	14.0	29.9	4.5	3	9.3	24.5	3	–8.3	46.1	1,605
Medians			**10.3**	**14.0**	**39.7**	**4.5**		**10.5**	**20.6**		**1.3**	**36.2**	
Photography													
Fuqua Industries	26/23	1	25.0%	35.0%	70.9%	12.7%	3	3.1%	20.6%	2	14.3%	147.9%	$904
Eastman Kodak	81/82	2	9.8	22.1	116.8	8.3	2	4.1	25.1	3	–3.8	98.2	16,020
Polaroid	●/●	3	7.0	2.4	41.7	1.3	1	7.0	4.1	1	35.9	–77.5	1,838
Medians			**9.8**	**22.1**	**70.9**	**8.3**		**4.1**	**20.6**		**14.3**	**98.2**	
Toys and electronics													
Hasbro	●/●	1	30.4%	8.6%	19.1%	4.3%	1	64.2%	1.2%	1	31.0%	–2.0%	$1,341
Mattel	●/●	2	def^{b}	def	257.5	def	2	1.0	–11.5		NM	D-D	936
Medians			**def**	**def**	**138.3**	**def**		**32.6**	**–5.2**		**NM**	**NM**	
Industry medians			**10.3**	**13.7**	**124.9**	**4.4**		**10.5**	**17.1**		**1.3**	**8.6**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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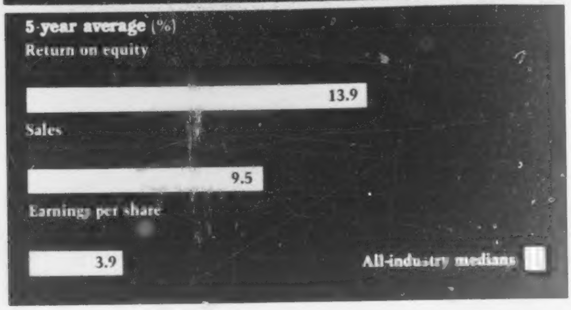
METALS



Talk about rising from the ashes. Downsized, modernized, revitalized, this group's back with a vengeance.

By Rick Reiff

DON'T DWELL ON THE DISMAL five-year totals shown here—check out the 12-month results. Metals companies were the powerhouse behind 1988's continued economic expansion, and they should remain that way right through 1989.

What's behind this nearly industrywide turnaround? Strong worldwide demand and a weak dollar, to be sure, but also these companies' own dramatic productivity gains.

In the steel category, net profits of U.S. producers doubled, to $2 billion, after $12 billion in losses between 1982 and 1986. Once-endangered Bethlehem Steel, generating $2.5 million cash per day, has worked $1.7 billion off its mountain of debt and pension deficits. Inland Steel is now operating at 94% of capacity—with a break-even point under 75%.

One of the few uncertainties for steelmakers at the moment is whether foreign import quotas will be extended past September. Yet even if they're not, imports' current 20% share of the market isn't likely to rise unless the dollar strengthens. For the foreseeable future, it will simply cost too much to make and ship a lot of foreign steel here.

Still, profits from steelmaking seem almost certain to be squeezed at least a little in the year ahead. One reason is that buyers who rushed to beat price increases averaging 7% in

Surprise from Big Steel

For the first time since Chairman David Roderick's controversial purchase of Marathon Oil Co. in 1982, USX' steel and energy divisions are generating sizable profits in tandem. That's the icing on the cake that makes Roderick's turnaround of USX all the more impressive. He's making money, big money, for shareholders in what have proved to be two of the toughest businesses of the 1980s—oil and metals.

Despite depressed prices, USX' earnings from energy increased an estimated 12% in 1988, even as steel earnings jumped dramatically. Total corporate earnings now look likely to top $3 per share in 1989, up 10% on 1988 levels. Analyst George Gaspar of Robert W. Baird & Co. sees a further 25% rise, to the $4-per-share level, by 1992.

Nina Barnett

David Roderick of USX

True, domestic demand for steel is bound to ebb at some point, but Roderick isn't taking the current windfall for granted. He's pushing aggressively into Japan and other foreign markets. In 1989 USX expects to export 1.2 million tons of steel—almost 10% of its total output. And by 1992 the company plans to be making 90% of its steel with efficient continuous casters, up from 65% today. Already, USX is a low-cost producer, needing only 3.8 man-hours to make a ton of steel, down from 10.8 man-hours six years ago.

With cash flow and asset sales proceeds, Roderick is chiseling away at his burdensome long-term debt, which should be down to 75% or 80% of equity, from 108% currently, in 18 months. Uncharacteristic of a steel company, USX enjoys a $550 million pension plan surplus. It doesn't sit down with the United Steelworkers of America until 1991; its large domestic competitors face potentially costly negotiations this year.

Carl Icahn, with his 11.4% stake, still wants a breakup that could send the stock from its recent 29 level to the 50s. Roderick, who retires in May, maintains that a dual USX is better. Whichever man prevails, shareholders should win.

1988 now have bigger inventories to work off in 1989. The result, say executives and analysts, will be slower-rising prices and a 3%-to-4% drop in domestic production, partially offset with higher exports.

Even so, foreign competitors rightly view the U.S. market as the biggest beckoning opportunity in the world. The 40% stake that Kawasaki Steel of Japan is taking in Armco's carbon steelmaking operations is a likely harbinger of additional foreign investment. With the Japanese spending 14% more than the Americans to make a ton of steel, such ventures look like the only logical way for foreign companies to hold on to the market shares they already have here, let alone expand them.

Aluminum companies are upbeat, too. Thanks to strong demand worldwide, aluminum ingot prices now exceed $1 a pound, double the price of just two years ago. Alcoa, Reynolds Metals and Alcan Aluminium will be hard-pressed to repeat 1988's record performances, but they may come close. Inventories remain low, and with their increased concentration in high-margin finished products like soda cans, companies such as Reynolds and Alcoa should prove less vulnerable to a cyclical downturn than might otherwise be the case. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Nonferrous metals													
Engelhard	71/20	1	11.7%	7.8%	16.2%	2.4%	8	3.4%	–2.8%	1	–3.1%	–24.1%	$2,384
Newmont Mining	68/80	2	6.1	NE	NE	26.2	13	–9.9	0.2		NM	–59.9	486
Alcoa	●/●	3	5.3	20.1	47.5	8.4	10	1.7	26.6		NM	197.3	9,207
Alcan Aluminium	●/88	4	4.4	21.6	31.1	9.7	4	7.0	27.5		NM	148.3	8,174
Handy & Harman	66/●	5	4.3	6.1	86.0	1.1	9	2.3	10.4		NM	D-P	650
Reynolds Metals	●/●	6	0.9	25.8	79.1	7.8	7	5.8	31.4		NM	87.3	5,255
Phelps Dodge	65/78	7	def	31.8	28.8	17.1	6	6.3	63.1		NM	464.0	2,140
Asarco	88/87	8	def	19.0	19.7	12.2	12	–3.3	54.1		NM	39.1	1,819
Inco	●/●	9	def	46.9	41.4	19.7	3	7.4	78.7		NM	500.0+	2,863
Cyprus Minerals	41/49	10	def[a]	13.0	10.7	10.0	5	6.7	50.7		NM	441.8	1,144
AMAX	79/●	11	def	22.3	83.1	7.4	11	–0.8	33.3		NM	38.2	3,858
Inspiration Resource	38/67	12	def	9.4	38.1	2.6	2	11.3	16.7		NM	D-P	1,390
Magma Copper	●/●		NA	def	50.1	1.1	1	12.1	30.7		NA	NA	519
Medians			**def**	**19.0**	**38.1**	**8.4**		**5.8**	**30.7**		**NM**	**172.8**	
Steel													
Worthington Inds	70/77	1	19.7%	21.9%	16.6%	6.4%	4	15.0%	12.5%	2	17.4%	41.7%	$932
Nucor	●/●	2	15.0	15.5	32.0	6.5	5	11.9	28.8	1	18.1	45.1	1,020
Valmont Industries	47/45	3	11.7	18.6	74.5	2.1	2	21.3	58.4		NM	72.1	611
Central Steel & Wire	●/●	4	9.8	21.8	0.0	4.8	8	7.0	22.8	4	5.2	151.9	646
Commercial Metals	33/68	5	8.0	16.6	19.7	2.2	19	–3.1	29.4	5	5.0	150.0	1,129
Texas Industries	59/●	6	7.9	3.9	107.0	1.7	3	18.0	10.2		NM	D-P	650
Carpenter Technology	●/●	7	5.9	9.5	42.5	5.0	16	2.2	21.8	6	–29.2	426.7	582
Lukens	72/89	8	2.8	20.0	34.8	5.2	10	5.2	22.9		NM	104.8	583
Earle M Jorgensen	●/●	9	2.0	6.7	13.3	2.1	11	4.9	42.4		NM	D-P	448
National-Standard	●/●	10	def	7.4	44.4	1.7	17	1.4	11.1		NM	D-P	297
Timken	39/DP	11	def	5.4	16.8	3.3	13	3.7	30.5		NM	D-P	1,479
Ampco-Pittsburgh	25/DP	12	def	def	46.2	def	15	2.4	–19.7		NM	D-D	248
Inland Steel Inds	●/●	13	def	17.7	38.3	5.7	14	3.1	18.0		NM	101.9	3,952
Copperweld	●/●	14	def	19.5	46.9	6.4	22	–11.4	31.6		NM	500.0+	279
USX	26/17	15	def	10.6	108.3	3.7	20	–5.4	26.4		NM	D-P	15,713
Lone Star Tech	60/58	16	def	def	57.5	def	21	–10.3	105.9		NM	P-D	624
Bethlehem Steel	●/●	17	def	26.1	45.6	6.1	18	–3.0	20.8		NM	92.3	5,362
Armco	●/78	18	def	6.8	67.4	1.8	23	–12.4	13.4		NM	–63.6	3,183
Wheeling-Pittsburgh	●/●	19	def[a]	NE	NE	12.2	12	4.5	8.6		NM	D-P	1,078
LTV	63/68	20	def[b]	NE	NE	def	6	11.6	1.7		NM	D-D	7,640
Allegheny Ludlum	●/●		NA	45.5	28.5	8.3	9	6.1	41.2		NA	NA	1,148
Cyclops Industries	83/●		NA	NE	500.0+	def	7	10.6[d]	NA		NA	NA	994
Edgcomb	●/●		NA	30.2	498.9	1.5	1	60.1	11.4	3	8.8	97.0	608
Medians			**def**	**10.6**	**42.5**	**3.3**		**4.5**	**22.3**		**NM**	**104.8**	
Industry medians			**def**	**14.2**	**39.9**	**4.9**		**4.7**	**26.4**		**NM**	**148.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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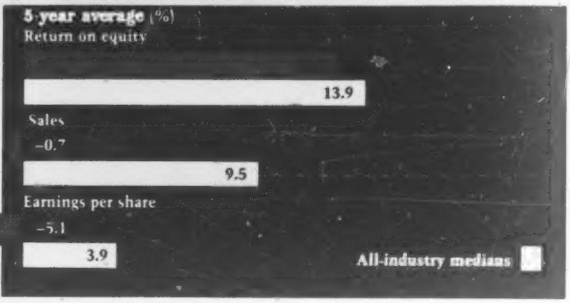
NATURAL GAS



A shrinking bubble—bye-bye, gas glut—heralds an industry turnaround.

By William P. Barrett

An enormous surplus of natural gas helped make this industry one dud of an investment play for years. Now, at last, it looks as if the worst may be over. Declining new discoveries and unexpectedly strong demand, prompted in large part by the recovery of manufacturing and concerns about the adverse environmental impact of other fuels, have steadily eaten away at the excess. Result: By the second half of last year, America's so-called gas bubble had shrunk to about one-third of 1983 levels.

Few pipeline and integrated companies seem likely to wind up the decade showing the kinds of profits they enjoyed at the start of the 1980s, when lofty crude oil prices gave the entire energy sector a lift. Still, as a whole, the industry looked headed for its best results in at least three years.

The effects are uneven, to be sure. Among producers, the 6% or so higher spot prices of 1988 benefited only those with transportation contracts to move the gas. Producers, moreover, faced increased price competition from Canadian gas.

Clearly, the pipeline segment prospered the most. In addition to the increased volumes they were carrying, the pipelines were heartened by negotiated resolution of an estimated 80% of the "take or pay" claims filed against them by producers. These multibillion-dollar disputes grew out of contracts that obliged the pipelines to pay producers for gas at the far higher prices of the past.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Producers & pipeliners													
Coastal Corp	34/84	1	15.0%	12.4%	229.0%	1.5%	3	5.0%	13.2%	1	4.6%	−23.7%	$8,181
Enron	●/●	2	14.6b	5.0	225.9	1.9	2	10.0	−5.2		NM	−84.7	5,690
Burlington Northern	22/27	3	9.9	8.2	73.1	5.5	1	10.6	−19.8		NM	−65.1	5,231
Transco Energy	84/●	4	7.5	def	127.3	0.2	6	−2.8	−6.4		NM	P-D	3,072
Texas Eastern	75/●	5	7.3	12.3	127.7	4.7	8	−8.9	−8.3	4	−42.7	76.2	3,374
Mitchell Energy	50/29	6	7.0	0.3	158.1	0.3	9	−11.2	3.8	3	−38.5	−66.7	578
Occidental Petroleum	16/26	7	6.1	5.7	117.3	1.8	7	−2.9	9.8	2	−3.2	90.3	18,522
Sonat	●/●	8	3.9	8.7	71.7	6.8	11	−12.3	−6.5		NM	D-P	1,376
Tenneco	17/13	9	3.2	0.5	146.2	0.4	4	−0.1	−5.8		NM	D-P	13,602
Williams Cos	●/●	10	1.8	12.7	93.0	7.7	5	−0.8	4.9		NM	D-P	1,804
Panhandle Eastern	●/●	11	0.3	def	135.0	def	10	−11.8	−21.9		NM	D-D	1,372
Valero Energy	NA/NA	12	def	def	40.1	0.1	12	−12.6	−14.0		NM	P-D	768
Medians			**6.6**	**5.4**	**127.5**	**1.6**		**−2.9**	**−6.1**		**NM**	**−44.4**	
Distributors													
UtiliCorp United	62/17	1	18.2%	13.7%	101.4%	6.0%	1	28.8%	16.4%	5	8.0%	11.3%	$663
Commonwealth Energy	33/33	2	17.0	10.6	75.5	4.7	16	0.9	3.6	16	2.7	−4.0	669
Kansas Power & Light	60/21	3	16.8	14.5	73.9	7.2	2	16.5	2.9	11	5.0	0.0	1,207
Laclede Gas	●/●	4	16.7	14.3	63.2	5.1	32	−5.6	8.2	3	10.2	9.0	483
Illinois Power	25/10	5	16.1	8.2	98.3	14.8	22	0.5	6.9	15	[illegible]	[illegible]	1,289

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Contrarian, and stubborn

Robb Kendrick/Onyx

James L. Ketelsen of Tenneco

A lot of things are finally coming together for long-slumbering Tenneco (1987 revenues, $15 billion). The company's natural gas pipeline system, the nation's second largest behind Enron's, is well positioned for the sharp growth occurring in gas usage. The sale last fall of $7.3 billion of Tenneco Oil Co. assets generated cash to retire much of that company's $8.2 billion in total debt and to buy back 14% of its shares. Beyond that, Tenneco's Newport News shipbuilding yard has a $7.7 billion backlog of orders, and its auto parts, chemical and packaging units are also experiencing solid improvements. The Case IH farm and construction equipment maker subsidiary, which lost an estimated $340 million in 1987 and 1988, is finally moving into the black.

So Tenneco, which lost $258 million from 1985 to 1987, seems on the edge of a major rebound. Per-share earnings for 1988 are estimated at around $1.60, and forecasts for 1989 range from $3.50 to a shade over $4. Ronald Barone of Kidder, Peabody sees the stock, trading recently around 49, topping 60 by the end of 1989. With the current 6% dividend, that would be a total return during 1989 of more than 25%.

The company's new prosperity represents a sort of personal vindication for Chairman James L. Ketelsen, who for ten years has defied conventional wisdom in stubbornly pursuing his vision of a diversified industrial conglomerate. No more major acquisitions or divestitures are in the offing, but he rules out nothing. The key to Tenneco's future now, Ketelsen says, is knowing what to sell and what to manage, a decision he calls pretty simple: "What is the potential selling price versus what you can do with it yourself?"

NATURAL GAS

Among 1988's big pipeline winners: well-managed Coastal Corp., which had strong per-share earnings for the first three quarters; KN Energy, whose aggressive marketing efforts paid off with several big new customers; Equitable Resources, which combined low exploration costs with an expanding customer base along the eastern seaboard; and Williams Cos., which opened the nation's largest independent common carrier pipeline system while developing an unrelated telecommunications network.

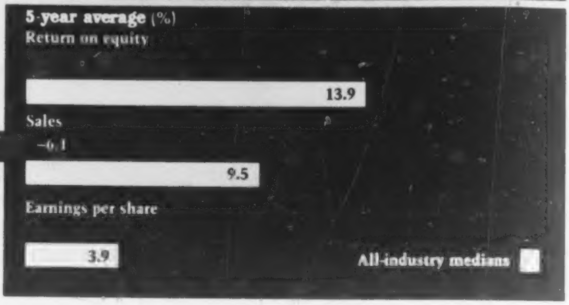
On the other hand, Enron, faced with stiff competition in Texas from a surplus of residual oil fuel, stayed in the black largely through nonoperating income. Panhandle Eastern staggered under heavy take-or-pay payments.

Local distribution companies, not only seasoned by tough competition from fuel oil but also the beneficiaries of state-issued monopolies, are poised to reap the rewards of the newfound gas demand. So far, they have been able to pass on take-or-pay charges to their customers without difficulty. Analysts predicted that such local distribution companies as Arkla, Atlanta Gas Light, UGI Corp., Piedmont Natural and Southwest Gas would also fare well in 1989. ■

Yardsticks of management performance		Profitability					Growth						Sales
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Baltimore G&E	23/11	6	16.0%	15.9%	64.6%	17.2%	9	2.8%	–2.5%	2	10.2%	2.3%	$1,792
Peoples Energy	●/●	7	15.9	16.2	84.7	7.0	30	–3.8	–4.9	7	6.8	39.2	1,117
Wisconsin Public Svc	26/ 8	8	15.6	14.7	59.1	9.4	24	–0.6	3.2	12	4.8	9.1	599
Iowa-Illinois G&E	37/11	9	15.2	13.4	85.7	11.6	21	0.5	–0.5	19	–0.5	–8.1	486
Scana	27/12	10	14.9	13.3	96.6	10.8	7	4.9	–5.4	6	7.0	–13.8	1,066
Southwest Gas	71/NA	11	14.8	13.8	116.1	8.0	8	4.7	18.9	4	9.2	16.0	524
Piedmont Natural Gas	●/●	12	14.4	18.4	58.7	6.4	6	5.8	–5.1	9	6.4	29.6	393
Cincinnati G&E	26/ 6	13	14.3	11.9	88.8	9.8	15	1.2	–0.9	23	–2.1	–39.6	1,366
Brooklyn Union Gas	●/●	14	14.2	13.7	82.5	6.9	14	1.3	–2.7	22	–1.4	2.5	899
Washington Gas Light	●/●	15	14.0	13.4	73.0	6.7	26	–1.2	–4.2	13	4.8	17.2	664
Orange & Rockland	24/12	16	13.8	14.5	81.6	9.5	27	–1.8	2.8	17	2.7	10.9	472
Louisville G&E	25/ 5	17	13.6	13.5	80.2	12.9	12	2.1	0.4	8	6.7	7.4	644
Pub Svc Enterprise	29/10	18	13.3	13.7	96.5	12.2	11	2.4	–0.1	21	–1.1	46.8	4,282
Pacific G&E	34/20	19	13.2	7.7	100.4	9.1	10	2.5	2.1	27	–7.3	–4.0	7,433
CILcorp	32/16	20	13.1	10.0	97.6	7.0	29	–2.4	–2.2	20	–0.8	–31.4	461
Public Service Colo	34/14	21	13.1	15.9	85.7	8.8	20	0.7	1.7	18	1.9	–4.4	1,692
Rochester G&E	30/13	22	12.8	9.3	121.3	7.4	19	0.8	2.7	28	–20.8	4.6	754
Midwest Energy	50/10	23	12.7	16.0	136.3	7.3	4	9.3	5.3	14	4.8	32.0	571
Wicor	63/67	24	12.4	13.8	64.4	4.4	23	0.1	7.7	10	5.6	60.0	734
DPL	23/17	25	12.1	11.7	119.2	9.7	18	0.8	6.0	24	–4.4	–25.2	974
Niagara Mohawk Power	17/ 6	26	12.1	7.2	119.7	6.5	13	1.3	6.4	29	–43.3	1.0	2,776
Public Service NM	31/10	27	12.0	def	96.2	def	3	14.1	11.5	25	–7.0	P-D	79[illegible]
Atlanta Gas Light	NA/NA	28	12.0	12.8	102.2	4.7	25	–0.7	–0.8	1	12.3	10.3	976
Montana Power	13/11	29	11.8	9.4	63.6	10.4	5	7.1	10.8	26	–7.1	30.0	720
Diversified Energies	72/61	30	9.9	13.3	74.2	4.7	28	–2.2	13.4		NM	34.0	742
Nipsco Industries	40/ 8	31	5.5	7.8	130.1	6.6	31	–4.2	2.3		NM	60.9	1,491
Eastern Gas & Fuel	70/76	32	3.9	10.6	58.4	7.2	35	–9.4	–13.5		NM	223.4	673
UGI	58/●	33	3.8	14.2	54.4	7.8	36	–10.3	0.8		NM	31.2	423
Nicor	89/85	34	0.2	18.2	62.2	7.1	34	–7.8	–2.7		NM	32.3	1,473
CMS Energy	40/21	35	def	20.2	205.0	9.8	17	0.8	0.8		NM	46.0	2,880
Michigan Consolidated	●/●		NA	18.5	93.2	3.9	33	–6.5	–4.9		NM	–5.0	1,221
Medians			**13.3**	**13.6**	**85.7**	**7.2**		**0.8**	**1.9**		**0.7**	**9.1**	
Integrated													
Equitable Resources	70/55	1	18.0%	8.0%	58.4%	9.3%	2	–0.7%	–4.0%	3	–3.1%	–3.3%	$392
Consol Natural Gas	86/●	2	14.2	12.5	36.7	8.4	7	–6.9	1.8	2	1.2	16.4	2,358
National Fuel Gas	●/●	3	13.5	10.8	62.0	5.5	5	–5.5	4.3	1	3.5	10.7	769
Questar	●/●	4	12.8	3.3	48.9	3.4	3	–1.3	2.1	6	–11.8	–62.1	498
Arkla	●/●	5	12.4	9.2	112.3	5.1	4	–3.9	60.5	4	–5.9	–11.3	1,970
Pacific Enterprises	57/69	6	11.2	13.8	97.6	4.1	1	4.4	9.4	5	–11.8	–1.8	5,738
Oneok	87/●	7	9.2	6.7	76.1	3.8	10	–11.9	–2.7	7	–17.3	11.0	571
KN Energy	●/●	8	9.0	15.9	90.1	6.9	8	–9.1	10.0	8	–22.9	500.0+	334
Columbia Gas System	●/●	9	5.4	6.0	97.1	3.2	9	–11.6	12.8		NM	–13.9	3,150
Enserch	44/●	10	2.4	def	99.6	def	6	–6.4	0.6		NM	P-D	2,768
Medians			**11.8**	**8.6**	**83.1**	**4.6**		**–5.9**	**3.2**		**–11.8**	**–2.6**	
Industry medians			**12.7**	**12.3**	**91.6**	**6.7**		**–0.7**	**1.8**		**–5.1**	**6.0**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page [illegible]

OIL



Profits should remain strong, but don't expect them to keep growing at the rate they did in 1988.

By Toni Mack

FROM THE VANTAGE POINT of 1989, the oil industry may wind up looking back on 1988 as the good old days. Oil prices weren't great, averaging around $16 a barrel for the year, but profits in chemicals, refining and marketing went through the roof. As a result, for companies with strong operations "downstream," like Amoco, earnings increases well into the double digits were not uncommon.

That kind of growth will be hard to duplicate this year. Prices will depend on whether the 13 nations of the OPEC oil cartel hold production down to 18.5 million barrels a day, as they have agreed. The past suggests they won't—at least not for a full year. So crude prices aren't likely to rise much from present levels.

Barring a recession, downstream operations should stay strong. "After lots of very painful restructuring, and after six straight years of economic growth, both the refining industry and the chemical industry are operating at close to full capacity," says Thomas Burns, Chevron's manager of economics and corporate planning. It's the growth that will be impossible to match. Robust demand helped Exxon's downstream profits triple in 1988's first nine months, to $2.2 billion. They won't triple again this year.

Two trends that will persist: restructuring and an interest in buying natural gas properties. Sun Co. restructured itself, for example, by spinning off its domestic exploration outfit, keeping refining, marketing and foreign exploration for itself. Look for more moves like this. The yen for gas properties—witness Chevron's $2.6 billion purchase of Tenneco's Gulf of

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
International oils													
Exxon	[illegible]/55	1	17.7%	16.4%	15.7%	6.8%	5	–5.4%	10.3%	2	7.3%	20.1%	$79,571
Amoco	45/77	2	13.8	17.1	21.8	9.8	7	–7.9	9.0	6	–8.8	78.8	21,047
EI du Pont de Nemours	38/13	3	11.6	15.1	20.6	6.6	1	0.0	11.0	1	12.2	27.3	32,249
Chevron	89/8	4	10.9	13.1	42.2	7.1	4	–5.0	5.6	4	0.0	–12.5	25,852
Mobil	84/70	5	10.2	12.6	38.3	4.1	3	–3.9	6.5	3	2.5	14.5	51,427
Occidental Petroleum	20/2	6	6.1	5.7	117.3	1.8	2	–2.9	9.8	5	–3.2	90.3	18,522
Texaco	●/●	7	def	def	78.2	def	6	–6.4	7.2		NM	P-D	35,171
Medians			**10.9**	**13.1**	**38.3**	**6.6**		**–5.0**	**9.0**		**0.0**	**20.1**	

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Better all the time

When John J. (Jack) Murphy took over as chief executive in 1983, Dresser Industries was a hodgepodge of different businesses—industrial abrasives and mechanics' hand tools, life insurance and fire hydrants. Since then, Murphy has disposed of those and 15 other lines, leaving a core of operations serving the energy industry. His strategy: "To position ourselves to move with the [energy] investment cycle. We're there now."

Dresser lately has reaped business from both ends of that cycle—drilling wells, for which Dresser supplies items like drill bits and well logs; and building petrochemical plants, which Dresser can design, construct and provide with turbines, compressors and controls. The result: a net profit of about $117 million, or $1.75 a share, in the fiscal year ended in October. That's over eight times 1987 results.

Murphy, 57, a mechanical engineer who earned an M.B.A. from Southern Methodist University in 1981, has restructured Dresser's balance sheet, too. Long-term debt is now 15% of capital, and Murphy has spent $322 million to buy in 15% of Dresser's common.

Still, cash has piled up to about $400 million recently. "An acquisition would be our choice," he says, "but the prices being paid for businesses we're interested in are way beyond reasonable returns. If we can't put the money to work [in an acquisition], then it makes our stock look even more attractive" to buy back. At a recent 27⅞, the stock trades at a mere 12 times expected 1989 earnings of $2.30. That's especially cheap compared with P/Es of 15 for Schlumberger and 17 for Halliburton, which get little benefit from the petrochemical boom.

Jim Knowles/Picture Group

John J. Murphy of Dresser Industries

OIL

Mexico tracts—represents a bet on an imminent turn in the gas market. Though oil prices will keep a cap on gas prices for most of the year, gas demand is at long last coming into balance with supply.

In oil services, says PaineWebber analyst James L. Carroll, "revenues were higher last year than the previous year—the first time that's happened since 1982." Because service companies have cut costs to the bone, much of the extra revenue fell to the bottom line. At Halliburton, nine-month earnings quintupled, to $72.8 million, on a 21% rise in revenues, to $3.5 billion. But oil companies, whose drilling budgets become service companies' revenues, abhor nothing so much as uncertainty, and confusion over oil prices is likely to dampen further growth in 1989. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Other oil and gas													
Holly Corp	●/●	1	22.7%	99.6%	58.1%	5.9%	22	−10.7%	36.8%	5	−1.3%	500.0+%	$385
Equitable Resources	30/45	2	18.0	8.0	58.4	9.3	7	−0.7	−4.0	6	−3.1	−3.3	392
Getty Petroleum	●/●	3	16.8	30.1	102.6	2.1	2	59.6	7.7		NM	246.2	1,204
Coastal Corp	56/ 7	4	15.0	12.4	229.0	1.5	3	5.0	13.2	4	4.6	−23.7	8,181
Mapco	82/65	5	14.2	19.4	48.0	5.5	12	−5.2	17.8	3	6.7	76.3	1,822
Union Texas Petrol	●/●	6	12.0[a]	44.9	144.0	9.2	23	−11.0	−0.9		NM	D-P	1,162
Unocal	86/●	7	11.1	def	215.8	def	13	−5.3	8.6	8	−21.7	P-D	8,771
Atlantic Richfield	89/84	8	10.6	26.1	94.0	8.9	25	−11.2	12.6		NM	62.9	17,302
Quantum Chemical	26/26	9	10.3	35.6	165.7	11.1	4	4.4	32.0	2	24.2	83.1	3,122
Phillips Petroleum	82/57	10	9.4	32.5	249.6	4.8	18	−8.7	11.7	11	−39.7	D-P	11,351
Sun Company	●/81	11	8.8	0.2	42.1	0.2	26	−11.5	7.7	7	−5.3	−96.4	8,955
Quaker State	77/62	12	7.8	4.0	33.1	1.6	8	−1.2	−5.4		NM	D-P	808
Pacific Resources	●/●	13	7.6	7.8	66.1	1.9	20	−9.4	−1.8		NM	420.0	895
Pennzoil	89/76	14	7.6[b]	def	90.7	def	15	−5.6	23.7	9	−36.3[d]	P-D	2,098
Mitchell Energy	36/59	15	7.0	0.3	158.1	0.3	24	−11.2	3.8	10	−38.5	−66.7	578
Ashland Oil	57/28	16	6.7	19.2	75.1	2.2	11	−4.7	19.3		NM	54.1	8,200
Union Pacific	24/26	17	6.6	14.4	75.6	8.9	9	−1.7	16.4		NM	4.6	6,701
Cabot	44/ 8	18	6.4	10.6	52.0	3.7	10	−3.6	17.7		NM	59.9	1,677
Louisiana Land	●/●	19	6.0	def	82.8	def	19	−9.4	−1.1		NM	D-D	754
American Petrofina	75/DP	20	4	15.5	46.9	4.3	5	1.4	13.7		NM	50.5	2,631
Hadson	●/●	21	4.6	5.0	141.2	1.0	1	118.7	58.6	1	45.6[c]	−29.0	597
PS Group	86/NA	22	4.5	21.2	98.0	18.1	6	1.3	−38.4		NM	23.2	294
Amerada Hess	●/●	23	1.8	def	63.4	def	29	−13.7	−2.3		NM	P-D	4,277
Kerr-McGee	72/32	24	1.5	6.7	44.4	3.4	16	−7.9	5.4		NM	18.9	2,695
Murphy Oil	●/88	25	1.5	def	51.5	def	27	−12.4	6.5		NM	D-D	1,463
Crown Central Pet	●/●	26	1.0	39.3	1.2	6.5	21	−10.6	12.3		NM	D-P	1,158
Valero Energy	86/●	27	def	def	40.1	0.1	28	−12.6	−14.0		NM	P-D	768
USX	64/61	28	def	10.6	108.3	3.7	14	−5.4	26.4		NM	D-P	15,713
Tesoro Petroleum	●/●	29	def	def	45.3	def	30	−14.1	−14.5		NM	D-D	1,124
Charter	●/84	30	def[a]	98.3	40.4	13.9	33	−29.4	−40.6		NM	79.4	599
Diamond Shamrock R&M	NA/NA		NA	11.2	70.1	1.6	17	−8.1[d]	10.7		NM	−33.3	1,822
Maxus Energy	●/●		NA	def	186.2	def	32	−23.5[c]	−34.2		NA	D-D	600
Tosco	●/●		NA	59.5	84.1	4.9	31	−22.8	18.3		NM	D-P	1,222
Medians			**6.8**	**10.6**	**75.1**	**2.2**		**−8.1**	**8.6**		**NM**	**23.2**	
Oilfield services													
Valhi	25/NA	1	38.6%[b]	11.3%	240.3%	1.5%	1	31.8%	125.7%	1	10.3%[d]	−56.3%	$2,215
Schlumberger	52/58	2	4.6	17.5	5.9	13.7	4	−5.9	17.0		NM	D-P	4,914
Halliburton	55/41	3	0.6	5.2	9.5	2.4	6	−14.1	39.5		NM	466.7	4,463
Dresser Industries	57/51	4	def	7.7	17.4	3.1	2	−3.3	21.6		NM	D-P	3,834
McDermott Intl	27/●	5	def	def	148.4	def	3	−5.8	−18.3		NM	D-D	2,302
Cameron Iron Works	68/62	6	def	def	36.8	def	7	−14.7	17.0		NM	D-D	538
Baker Hughes	71/●	7	def	6.0	47.9	2.6	5	−10.9	20.4		NM	D-P	2,316
Smith International	●/●	8	def	23.3	105.7	5.2	8	−21.8	19.0		NM	D-P	322
Medians			**def**	**6.8**	**42.4**	**2.5**		**−8.4**	**19.7**		**NM**	**−56.3**	
Industry medians			**6.6**	**10.9**	**64.8**	**2.8**		**−6.1**	**10.5**		**NM**	**25.3**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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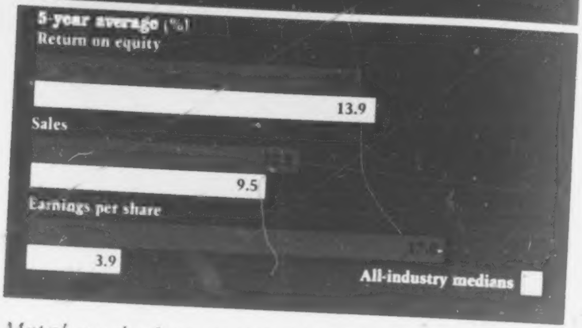
PACKAGING



Metal and glass got the biggest deals, but King Plastic remained the growth leader.

By Robert T. Grieves

BOTTLES PLAYED DEAD in 1988, cans rose some, but King Plastic led the packaging industry, which had 13.4% in sales growth. Why? Consumers want to take a prepackaged dinner off the supermarket shelf, no matter how long it has been sitting there, stick it in a microwave oven and have the result taste like cordon bleu cooking. In addition, both shippers and retailers want to cut down on breakage from hauling and handling.

Result: Everything from mustard and peanut butter to mayonnaise, baby food and liquor has begun to be packed in plastic rather than in glass, formerly the food container of choice. That strong demand, coupled with moderating raw material prices for plastic late in the year, put a number of firms in good competitive positions for further gains in 1989.

Yardsticks of management performance

		Profitability					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Packaging													
Anchor Glass	●/●	1	133.2%b	5.1%	476.3%	0.5%	7	19.7%	52.0%	1	164.6%c	–76.3%	$993
Envirodyne Industries	87/●	2	39.3b	34.6	82.5	9.3	1	135.9	7.4	2	118.1	30.5	484
Jefferson Smurfit	74/49	3	29.7	42.9	72.7	11.2	6	20.0	17.5	4	40.8	94.5	1,234
James River Corp Va	32/25	4	19.4	10.7	80.0	4.1	4	33.9	15.6	13	12.6	22.0	5,306
Sonoco Products	75/60	5	17.8	22.0	52.8	5.3	8	17.6	32.7	12	16.6	30.4	1,573
Ball Corp	67/75	6	17.4	14.2	28.1	5.3	19	4.1	–3.3	14	12.5	–12.0	1,055
Avery International	40/30	7	16.0	10.5	43.8	3.2	10	14.2	10.3	17	3.9	–16.5	1,552
Longview Fibre	52/32	8	14.8	33.0	39.7	14.7	14	8.6	12.2	3	60.4	49.6	628
Bemis	69/61	9	13.7	16.1	58.7	3.6	16	6.5	13.4	5	28.9	26.4	1,040
Federal Paper Board	21/3	10	13.5	22.7	58.6	10.4	9	16.1	4.9	11	17.3	61.1	1,066
Standard Shares	36/39	11	13.2	10.8	12.7	2.3	13	9.0	16.7	15	7.8	–34.5	743
Crown Cork & Seal	●/●	12	13.2	13.4	1.6	5.1	18	5.7	7.8	7	23.3	16.9	1,814
Dennison Mfg	49/50	13	12.8	14.6	36.0	4.8	20	3.8	–1.2	19	1.6	–6.5	709
Temple-Inland	60/63	14	12.4b	19.8	45.7	10.7	17	6.4	10.6	9	21.0d	50.5	1,727
Union Camp	32/[illegible]	15	11.8	19.4	42.0	10.7	15	7.7	15.8	16	5.3	50.8	2,585
Constar Intl	●/86	16	11.3	11.3	126.7	1.6	21	0.9	31.0	18	1.8d	21.9	556
Mead	25/34	17	11.0	26.4	47.1	7.7	12	9.6	10.0	6	24.2d	128.3	4,482
Stone Container	61/NA	18	10.3	39.3	99.5	7.8	3	47.1	27.0		NM	110.8	3,671
Chesapeake	24/13	19	9.1	21.4	80.6	7.3	5	24.9	6.1	8	22.4	131.5	700
International Paper	37/46	20	6.5	16.3	40.7	7.5	11	11.9	16.7	10	18.0	63.7	8,963
Kerr Glass Mfg	●/●	21	def	def	155.[illegible]	def	22	–12.8	9.4		NM	P-D	271
Triangle Industries	NA/NA	22	defb	def	500.0+	def	[illegible]	51.5c	500.0+		NM	P-D	3,029
Gaylord Container	NA/NA		NA	93.6	500.0+	6.2		NA	35.9		NA	NA	671
Industry medians			**13.2**	**16.3**	**58.[illegible]**	**5.3**		**10.8**	**13.4**		**17.0**	**28.4**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful a: Three year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page [illegible]

Among them: Minneapolis' Bemis Co., which derives about half of its revenues from flexible plastic containers, and Chattanooga, Tenn.'s Constar International, the industry's purest play in rigid plastic containers.

Meanwhile, consolidation, the packaging industry's decade-old trend, continued during 1988 in metal and glass, which lost market share. The merger activity helped many industry stocks outperform the stock market and helped push the industry median return on equity up 16.3% over last year's return of 14.4%.

Glass in 1988 suffered from weakening prices as the two industry leaders, Owens-Illinois and Anchor Glass Container, fought to keep capacity up by keeping plants open to get whatever revenues they could. Corona beer, imported from Mexico in long-necked bottles, and bottled Japanese dry beer triggered a vogue in bottles at Anheuser-Busch and Miller. But that alone won't be enough to lift glass from the doldrums in 1989.

Owens-Illinois' acquisition in February of Brockway, Inc. for $759 million allowed it to capture 40% of the glass container market and displace Anchor Glass, with 25%, as the market leader. Because of that massive market share, the Federal Trade Commission is reviewing the merger.

The big news in packaging was French-owned Pechiney's $1.26 billion tender offer for Triangle Industries ($3 billion sales), the biggest packaging company in the world through its ownership of American National Can Co. Pechiney, which produces aluminum and heavy carbon products, has agreed to pay $56 per common share for Triangle, $101 per share of preferred. The Triangle deal may prompt other aluminum producers, such as Alcan and Alcoa, to begin prowling for similar consumer packaging businesses. ■

Pure plastics play

Chattanooga-based Constar International (revenues, $556 million) is the only pure plastics play in the packaging industry—and for that very reason it's been overlooked by many investors. During 1988 its stock price gains lagged its competitors', which as a group outperformed the market. But in the last several weeks of the year, Constar's stock was flat, and even declined a bit.

Investors have steered clear because Constar, as a pure plastics play, is especially vulnerable to price hikes in polyethylene terephthalate, the stuff from which 80% of Constar's plastic containers is made. The commodity's price has been marching upward for the past year and a half, and, unlike most of its packaging competitors, Constar hasn't been able to hedge that cost with revenues from a paper or glass division.

Yet there may be opportunity here. In the last months prices have begun to stabilize from increased capacity. That, and the restructuring efforts of Chairman Charles F. Casey, 61, have put Constar in much better shape.

The firm had been saddled with $115 million in debt, much of it from the purchase of new plastic container machinery and plant remodeling. In addition, it was burdened with the operating costs of a 34-unit restaurant chain that provided a measly 6% of revenues and 14% in operating profits. In November 1988 Casey sold the restaurants to Marriott for about $35 million. That cut Constar's debt to $80 million and left the firm with just one subsidiary, Atlanta-based Sewell Plastics, which runs 23 plants in 14 states and controls the biggest share—40%—of the expanding plastic soft drink and food container market.

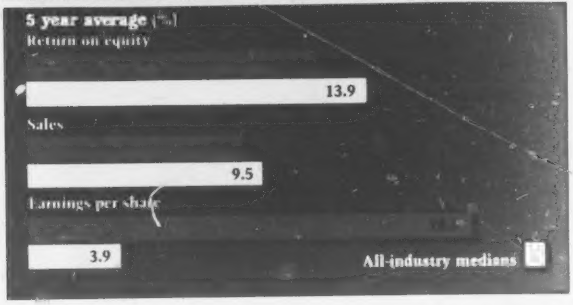
"We are now aggressively pursuing new market opportunities for plastic containers at home and abroad," says Casey. His goal: to double sales to $1 billion within the next five years. To achieve that, Casey will need prices to stay steady or fall. Constar will also have to corner a sizable market share of the most popular plastic containers around. But if he succeeds, more than a few investors will wish they'd gambled a little sooner.

Chuck Rogers

SUPERFL
PEP

Charles F. Casey of Constar International

PAPER



A fourth year of strong growth seems likely, but questions loom for 1990.

By Steve Weiner

THE WORLD LOOKS A LITTLE like a three-year-old ticker-tape parade to this highly cyclical industry. With the dollar still weak and the domestic economy still growing, demand for paper continued to set new records in 1988. Profits rose 50% or more for most paper manufacturers (matching 1987's rate of gain), and industry returns on equity, averaging more than 19%, topped the market as a whole for the first time since 1975.

So why are the price/earnings ratios of paper stocks at a 40% discount to the market as a whole? Because paper stocks are unusually sensitive to recessions, and wary investors apparently don't believe the recovery will last through 1989. "It seems to us that the market has discounted paper stocks for the next two recessions, not just the next one," says Raymond E. Cartledge, chairman and chief executive officer of Union Camp Corp., a maker of office papers, linerboard, pulp-related chemicals and boxes.

If a downturn is coming, there's little sign of it now. The price of wood pulp, the basic raw material for paper, rose an average 25%, to about $760 a ton, during 1988. Prices for linerboard and various grades of paper rose in a range from 15% to 20% last year and should move higher this year.

A slump, if it comes, should begin to appear late in the year, and probably will first involve commodity products such as linerboard, which has had a 60% price runup since the end of 1985. Among the more leveraged producers, those at greatest risk in a recession are Stone Container, Gaylord Container, Great Northern Nekoosa and Jefferson Smurfit.

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Paper													
Albany International	●/●	1	23.3%[b]	23.8%	92.1%	7.9%	6	12.2%	16.1%	5	49.4%[c]	37.5%	$448
PH Glatfelter	●/●	2	21.7	26.7	22.0	13.4	15	8.6	49.9	9	22.9	47.6	553
Consolidated Papers	●/●	3	19.5	23.9	0.0	16.6	21	6.2	23.7	12	20.0	77.2	877
James River Corp Va	68/75	4	19.4	10.7	80.0	4.1	2	33.9	15.6	16	12.6	22.0	5,306
Pentair	49/18	5	15.8	20.0	31.3	5.0	4	23.3	1.9	20	3.8	153.9	799
Kimberly-Clark	20/28	6	15.6	23.0	48.9	7.0	10	10.4	10.8	17	11.6	31.4	5,256
Willamette inds	67/78	7	15.0	26.1	54.8	9.7	20	7.6	20.4	1	72.9	47.3	1,650
Longview Fibre	38/46	8	14.8	33.0	39.7	14.7	14	8.6	12.2	3	60.4	49.6	628
Bowater	●/●	9	14.4	20.1	32.3	10.7	17	8.1	22.4	21	–2.1	120.1	1,392
Federal Paper Board	67/86	10	13.5	22.7	58.6	10.4	5	16.1	4.9	14	17.3	61.1	1,066
Scott Paper	26/36	11	13.3	23.6	75.3	8.5	7	12.1	13.4	7	28.6	76.5	4,542
Media General	28/47	12	12.5	14.1	61.4	6.7	11	9.8	6.8	22	–3.1	115.5	748
Union Camp	48/84	13	11.8	19.4	42.0	10.7	19	7.7	15.8	19	5.3	50.8	2,585
Westvaco	●/●	14	11.8	17.1	43.2	9.4	22	5.6	12.1	15	15.2	37.8	2,134
Pope & Talbot	52/46	15	11.2	22.1	51.7	6.4	16	8.4	19.3		NM	4.1	480
Mead	73/59	16	11.0	26.4	47.1	7.7	12	9.6	10.0	8	24.2[d]	128.3	4,482
Gt Northern Nekoosa	72/63	17	11.0	25.2	79.3	9.1	9	11.5	46.1	18	9.4	70.9	3,421
Stone Container	31/NA	18	10.3	39.3	99.5	7.9	1	47.1	27.0		NM	110.8	3,671
Potlatch	68/83	19	9.8	16.9	53.0	9.9	25	3.3	7.0	6	42.2	26.9	1,051
Georgia-Pacific	32/41	20	9.6	17.5	80.0	4.9	18	7.9	12.5	4	50.9	14.6	9,171
Chesapeake	65/85	21	9.1	21.4	80.6	7.3	3	24.9	6.1	11	22.4	131.5	700
Weyerhaeuser	42/59	22	8.1	15.0	48.8	7.0	13	8.8	15.6	10	22.8	29.1	7,694
Boise Cascade	54/69	23	6.9	18.3	58.2	6.7	23	4.6	6.3	2	66.9	86.8	4,035
International Paper	32/31	24	6.5	16.3	40.7	7.5	8	11.9	16.7	13	18.0	63.7	8,963
Champion Intl	74/74	25	6.4	14.3	56.8	8.4	24	3.7	10.1		NM	14.0	4,972
Gaylord Container	NA/NA		NA	93.6	500.0+	6.2		NA	55.9		NA	NA	671
Industry medians			**11.8**	**21.8**	**53.9**	**7.9**		**8.8**	**14.5**		**18.0**	**50.8**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

●90% or more. **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit. P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful a: Three-year average b: Four-year average c: Three-year growth. d: Four-year growth. For further explanation, see page 77

An economic recession won't necessarily have the usual strongly negative effect on the industry. In previous cycles, paper companies added so much capacity in the good years that they outstripped demand; this led to oversupplies, huge inventories and price declines. This time, though, new capacity has more closely matched actual demand. Despite a 14% increase in pulp and paperboard shipments last year, for instance, inventories actually declined 1%.

What's more, the weak dollar has kept exports high, up 8% in 1988. The best companies can ship paper to the Far East at costs that beat Japanese production by $100 or more a ton. Companies that benefit most from this continuing export opportunity include International Paper, Union Camp, Stone Container and Great Northern Nekoosa. ■

"We sit in wonderment"

Thomas England

Raymond E. Cartledge of Union Camp

With earnings up by perhaps 50% for a second consecutive year, these are turnaround days for the paper industry. All the more so for $2.6 billion (sales) Union Camp Corp., the Wayne, N.J.-based producer of high-quality, uncoated office papers and linerboard.

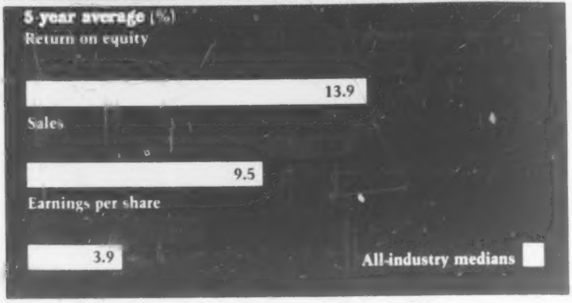
While others in the industry, notably Stone Container and Jefferson Smurfit, have grown by acquisition, Union Camp has taken the slower, quieter route of investing internally to improve quality and add capacity. Some $1.4 billion of capital spending in the last five years has boosted production by 17% and improved quality to the point that Union Camp's mills now produce first-quality business paper 94% of the time, several points better than the industry as a whole.

Union Camp's profits plunged 48% in 1985, far worse than most in those days of a devastatingly strong dollar. But recent earnings gains have been spectacular—up 60% in 1987, to $207 million, or $2.83 a share, and up another 46% after three 1988 quarters. Its return on equity, now at nearly 20%, finally matches industry performance of the last 12 months and is 65% better than Union Camp's five-year average return of 11.8%. "And our ability to produce first-grade products at lower costs is significantly better than those who bought older facilities," says Raymond E. Cartledge, chairman, president and chief executive officer.

Is the turnaround complete? Not by a long shot. Cartledge plans to spend another $2.5 billion between now and 1992 to raise production by 26%, to 3.4 million tons of paper and linerboard a year. Even so, the stock, trading recently near 33, hasn't risen above its year-ago level. It trades at a multiple to estimated 1988 profits of 7.7, about average for the industry, which has tended to trade 40% below the market.

Why so low? "Maybe we're just a little bit boring," says Cartledge. "Markets are growing, we're hitting profit records and making substantial investments in the future, yet we and the industry are out of favor. Sometimes we sit in wonderment." We do, too.

RETAILING



In 1988 sales were sluggish, so were earnings. The best bargains may have been the stores themselves.

By Jeffrey A. Trachtenberg

TOP RETAILERS IN 1988 did almost as much buying and selling of each other as they did of merchandise. Leading the way was the Campeau Corp., which acquired Federated Department Stores for $6.7 billion in May. To help finance the package Campeau promptly sold Brooks Brothers for $740 million to famed British retailer Marks & Spencer. Campeau has since raised another $3 billion by selling Bullock's/Bullock's Wilshire, I. Magnin, Filene's, Filene's Basement, MainStreet, Foley's, the Children's Place and Gold Circle. Most recently, Campeau agreed to sell its Ann Taylor division for a reported $430 million to an investment group led by retailer Joseph Brooks.

Robert Campeau was not the only eager buyer of big retailers. Other major deals included the $2.5 billion American Stores paid for supermarket chain Lucky Stores; the management-led leveraged buyout, for $1.6 billion cash, of Montgomery Ward from Mobil Oil; the acquisition of Zayre's discount stores for $800 million by Ames; and the acquisition of Best Products for $1.1 billion by Adler & Shaykin.

Why all the activity in an industry with less than 5% sales growth in 1988? Part of the answer lies in the rising value of the real estate on which many of the stores sit. Other acquirers spotted undervalued assets in the hands of sleepy managers. Thus, Campeau bought Federated after an analysis showed that the latter's overstaffed bureaucracy was failing to capitalize on opportunities. "They could have spun off Bloomingdale's for $2 billion, much the way Zayre capitalized by spinning off T.J. Maxx," says retail consultant Howard Davidowitz. "Federated had more vice presidents than the big banks."

Others had equally compelling reasons to sell or buy. For years Zayre's management had treated its 388-unit discount department store chain like a cash cow, investing the profits in T.J. Maxx or its BJ's Wholesale Clubs. But the Zayre chain itself rarely upgraded or remodeled, and several years ago began to lose money. In Zayre, Ames saw an opportunity to buy a famous name with good leases at less then book price. If Ames can turn the Zayre chain around, it will have made one of the shrewdest retail acquisitions in years. Ames has already decided to close 74 Zayre units.

Meanwhile, retailers everywhere have other things on their minds besides takeover games. Consumer spending remains weak, partly because money is tight, partly because working wives don't have time to browse the department stores. Hence retail sales of women's apparel—the biggest single

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Apparel													
Limited	●/●	1	45.6%	25.5%	90.7%	5.1%	1	39.7%	6.5%	1	45.8%	–23.5%	$3,725
Charming Shoppes	●/●	2	31.2	14.8	8.3	4.2	2	29.8	16.4	3	28.1	–27.8	687
Gap	●/●	3	26.4	23.1	7.8	5.4	6	19.5	24.8	2	33.8	–20.7	1,188
Burlington Coat	●/●	4	23.2	14.0	9.3	3.8	3	27.3	21.1	6	16.7	4.7	547
Melville	34/36	5	22.7	21.3	3.6	4.8	8	11.9	15.2	7	12.6	20.7	6,504
Nordstrom	●/●	6	19.3	20.3	57.5	5.0	4	26.3	17.7	4	22.0	26.7	2,164
Zayre	55/80	7	18.4	def	68.7	def	5	24.2	–23.7	5	17.4	P-D	4,417
Petrie Stores	●/●	8	17.0	7.5	20.9	3.4	7	18.9	–5.3	8	3.4	–44.5	1,189
US Shoe	66/57	9	12.6	3.1	44.1	0.7	9	11.2	4.6	10	–15.1	–60.4	2,223
Hartmarx	54/20	10	12.5	10.8	40.8	3.3	10	4.3	9.0	9	–1.9	13.1	1,157
Medians			**21.0**	**14.4**	**30.8**	**4.0**		**21.9**	**12.1**		**17.1**	**–22.1**	
Catalog showrooms													
Spiegel	●/●	1	19.0%	15.9%	235.8%	3.1%	2	17.3%	15.4%	1	53.4%	–19.8%	$1,203
Service Merchandise	●/●	2	7.3	17.4	200.4	1.8	1	19.3	9.6		NM	D-P	2,943
Horn & Hardart	75/76	3	2.0	def	295.9	def	3	10.4	7.9		NM	P-D	471
Medians			**7.3**	**15.9**	**235.8**	**1.8**		**17.3**	**9.6**		**NM**	**–19.8**	
Department stores													
Dillard Dept Stores	●/●	1	21.3%	14.8%	71.9%	4.0%	1	26.5%	21.4%	1	23.4%	21.4%	$2,385
Mercantile Stores	●/●	2	17.0	15.0	11.3	6.0	5	8.4	5.1	5	12.6	9.1	2,190
May Dept Stores	60/67	3	16.0	17.9	85.1	4.6	4	8.6	–0.3	4	12.7	18.1	10,585
Strawbridge	●/●	4	15.7	13.1	115.0	2.9	2	11.2	11.9	3	15.4	10.9	869

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Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Sears, Roebuck	58/43	5	13.1%	10.7%	72.9%	2.8%	3	9.2%	10.9%	6	7.8%	–10.9%	$52,536
JC Penney	●/NA	6	12.8	15.5	81.8	4.4	7	6.2	–2.9	7	7.2	17.3	14,938
Mobil	10/ 6	7	10.2	12.6	38.3	4.1	11	–3.9	6.5	8	2.5	14.5	51,427
Equitable of Iowa	56/33	8	9.5	7.2	7.4	3.1	8	2.6	17.9	2	20.8	1.9	581
Carson Pirie Scott	●/●	9	6.4	2.7	110.3	0.5	6	7.1	27.2		NM	D-P	1,063
Alexander's	●/●	10	5.4	def	57.3	def	10	0.6	0.4	10	–16.4	P-D	525
Carter Hawley Hale	●/●		NA	NA	NE	0.2	9	2.6	–4.6	9	0.0	D-P	2,643
Neiman Marcus Group	●/●		NA	NA	40.3	1.3	12	–84.4	NA		NA	NA	1,223
Medians			**12.9**	**12.8**	**64.6**	**3.0**		**6.6**	**6.5**		**7.8**	**14.5**	
Discount and variety													
Consolidated Stores	●/●	1	51.9%	11.7%	60.4%	2.4%	1	138.7%	20.5%	1	54.5%	–2.9%	$600
Wal-Mart Stores	●/●	2	35.8	33.8	42.1	4.0	4	36.4	28.8	2	35.3	35.7	19,224
Family Dollar Stores	●/●	3	27.4	17.9	0.0	4.1	5	22.1	19.5	5	19.4	14.0	669
Fred Meyer	68/NA	4	21.2	14.4	44.8	1.8	10	11.0	10.1	3	27.3	17.4	1,938
Ames Dept Stores	●/●	5	17.9	9.7	43.4	1.8	3	40.4	11.9	7	8.4	71.9	2,249
Rose's Stores	●/●	6	16.5	5.8	45.7	0.8	8	14.4	5.1	8	5.2	–53.8	1,391
Dayton Hudson	50/52	7	15.9	11.6	108.2	2.0	9	12.5	16.5	9	4.8	–15.7	11,783
Dollar General	●/●	8	15.8	5.5	78.2	1.0	6	16.0	–0.1	11	–18.7	28.0	589
FW Woolworth	64/47	9	15.4	16.0	19.3	3.6	12	6.5	11.5	4	19.9[d]	18.4	7,734
K mart	87/●	10	15.2	16.4	62.2	2.7	11	8.8	6.1	6	12.8	9.5	26,876
Jamesway	●/●	11	14.6	8.2	75.9	1.3	7	15.2	13.8	10	1.2	–53.6	770
Ross Stores	●/●	12	4.7	17.5	36.0	3.3	2	64.6[d]	8.5		NM	D-P	612
Hills Dept Stores	●/●		NA	NE	500.0+	0.6	13	4.3	13.8		NA	–75.6	1,605
Medians			**16.2**	**11.7**	**45.7**	**2.0**		**15.2**	**11.9**		**10.6**	**14.0**	
Drugs													
Rite Aid	●/●	1	23.8%	17.4%	38.1%	3.7%	5	13.5%	31.2%	1	15.1%	–24.3%	$2,699
American Stores	21/24	2	23.2	12.0	276.5	0.9	4	15.5	9.4	4	6.0	–6.0	15,433
Walgreen	●/●	3	22.0	20.8	26.8	2.6	3	15.9	14.1	2	12.7	25.0	4,884
Longs Drug Stores	●/●	4	16.1	18.1	0.0	2.9	7	9.7	9.4	3	7.0	34.7	1,873
Fay's Drug	●/●	5	13.1	16.3	93.8	1.7	6	13.3	10.3	5	–9.7	79.0	518
Pacific Enterprises	32/15	6	11.2	13.8	97.6	4.1	8	4.4	9.4	6	–11.8	–1.8	5,738
Perry Drug Stores	76/NA	7	8.3	def	117.9	def	2	26.4	–3.0		NM	D-D	688
Medco Containment	●/●	8	6.8[a]	9.1	39.2	4.3	1	69.4	58.7		NM	112.3	544
Medians			**14.6**	**15.0**	**66.5**	**2.8**		**14.5**	**9.9**		**–1.9**	**11.6**	
Jewelry													
Jostens	51/NA	1	22.3%	59.0%	52.5%	15.0%	1	10.5%	–3.4%	1	10.5%	91.2%	$564
Gordon Jewelry	NA/NA	2	4.3	def	6.5	def	2	–3.1	0.4		NM	D-D	390
Medians			**13.3**	**25.8**	**29.5**	**5.7**		**3.7**	**–1.5**		**NM**	**NM**	
Shoes													
Brown Group	80/●	1	12.7%	12.0%	40.1%	2.5%	3	1.7%	13.2%	2	–4.9%	0.8%	$1,732
Edison Bros Stores	57/●	2	10.7	def	53.6	def	1	5.2	–0.8		NM	P-D	898
Interco	27/31	3	9.3	11.5	24.4	4.9	2	3.5	–1.5	1	4.1	7.5	2,986
Genesco	46/20	4	2.8	12.0	54.1	2.6	4	–8.0	–4.1		NM	–44.0	433
Medians			**10.0**	**11.7**	**46.9**	**2.6**		**2.6**	**–1.2**		**NM**	**–21.6**	
Miscellaneous													
Best Buy Co	●/●	1	60.2%	3.1%	59.9%	0.4%	4	112.3%	50.4%	1	64.1%	–72.9%	$497
Highland Superstores	●/●	2	57.7	5.4	54.0	0.8	9	34.9	19.0	12	13.8	–54.2	825
Price Co	NA/NA	3	42.4	24.9	41.8	2.3	6	55.7	25.2	2	51.5	28.7	4,053
Circuit City Stores	●/●	4	34.3	28.8	41.6	3.8	8	40.7	32.7	3	49.4	37.0	1,538
Home Depot	●/●	5	27.4	22.3	24.3	4.0	5	63.3	49.0	4	39.3	61.1	1,849
CVN Cos	54/NA	6	24.6	8.1	6.4	1.9	7	53.6	253.0		NM	D-P	588
General Host	●/●	7	24.6	def	73.3	def	24	–4.0	–25.9	11	14.3	P-D	428
Tandy	86/NA	8	23.3	21.1	10.6	8.1	20	9.9	9.7	15	0.8	20.9	3,892
Toys "R" Us	●/●	9	22.0	19.4	14.4	6.2	12	23.9	38.5	5	22.2	41.0	3,657
Hechinger	●/●	10	19.0	13.4	44.5	5.0	11	24.2	33.7	7	20.1	7.2	879
Sherwin-Williams	65/44	11	18.7	18.4	14.6	5.3	23	–2.3	10.1	8	18.6	–8.0	1,909
Pep Boys	●/●	12	18.4	14.2	68.5	5.7	16	15.9	15.6	9	17.3	5.1	600
Lowe's Cos	●/●	13	17.0	10.3	31.3	2.4	15	18.4	2.7	14	9.4	3.4	2,450
Primerica	45/43	14	12.6	17.7	155.7	5.8	25	–4.4	22.0	6	22.1[d]	1.[illegible]	4,235
Valmont Industries	37/25	15	11.7	18.6	74.5	2.1	13	21.3	58.4		NM	72.[illegible]	611

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category in department stores—is down. Finally, specialty store retailers like the Limited or Ann Taylor or the Gap, plus wholesale clubs like Price and BJ's, are all drawing customers away from the big chains. These last two trends have hurt not only the department stores but Sears and J.C. Penney as well.

Result: With profit margins now commonly between 4% and 5% of sales, store executives are now forced to spend ever increasing amounts of time on expense ratios instead of merchandising and marketing strategies. "You're seeing item by item analysis," says consultant Nathan Katz. "Expense control is the new discipline." Thus, for example, electrical costs are examined on the basis of the wattage of the bulbs in use, the cost of lighting windows, the supplier of the power itself. Such cosmetics may have some symbolic value in raising the consciousness of the industry, but to get fatter margins and keep them, consumers will have to spend more lavishly than they have in recent years. So far, there seems little sign of that happening any time soon. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Scotty's	●/●	16	10.9%	2.5%	29.6%	0.8%	18	10.8%	6.7%	17	–6.2%	–60.0%	$555
Alberto-Culver	34/22	17	8.4	20.8	36.7	4.5	19	10.2	17.5	10	16.3	55.5	605
Wickes Cos	NA/NA	18	7.7^a	0.7	115.5	0.4	21	8.4	–18.5	18	–21.5^d	–94.1	3,595
Intermark	83/83	19	6.3	14.7	401.3	1.8	10	31.9	21.4		NM	381.3	681
Child World	●/●	20	5.9^a	4.6	13.7	1.2	14	21.1	15.2	13	10.4^c	-7.1	771
Costco Wholesale	●/●	21	def^a	12.6	152.9	0.6	3	135.6^c	44.9		NM	228.6	2,030
Businessland	●/●	22	def	19.1	108.8	2.4	2	163.1^d	48.1		NM	88.9	963
PACE Membership	●/●	23	def	5.7	41.3	0.5	1	181.3^d	51.3		NM	500.0 +	1,105
Inspiration Resources	47/NA	24	def	9.4	38.1	2.6	17	11.3	16.7		NM	D-P	1,390
American Hoist	NA/NA	25	def	2.9	82.8	1.2	27	–5.7	3.1		NM	D-P	303
Grossman's	●/●	26	def^b	14.2	171.1	1.2	26	–4.8	4.8		NM	–14.3	1,114
Atari	26/DP		NA	18.6	58.3	4.0		NA	147.6		NA	–19.4	765
Home Shopping	●/●		NA	15.4	240.2	2.5		NA	25.4		NA	–36.4	730
InterTAN	●/●		NA	15.3	27.8	3.9	22	6.2	19.4	16	0.0	NA	583
Medians	—		**14.8**	**14.2**	**44.5**	**2.4**		**21.1**	**21.4**		**9.4**	**14.0**	
Industry medians			**15.8**	**13.8**	**45.7**	**2.6**		**13.3**	**12.6**		**7.2**	**7.5**	
All-industry medians			**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**	

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The Gap snaps back

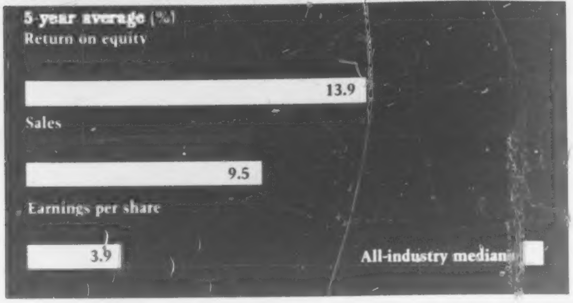
Nobody did it like the Gap this year. Just 12 months ago the San Bruno, Calif.-based retailer of men's and women's sportswear was an ambulance case, the victim of overoptimistic inventory levels. Worse still, its much-heralded Banana Republic division had turned into a dog—how many khaki hiking shorts does anybody need? Since January of 1988, however, the Gap's stock price has doubled, and 1989 earnings should improve, according to Edward Johnson, director of the Johnson Redbook Service. He expects the company to earn $3 a share, up 75 cents from this year's estimate.

What accounts for the turnaround? Under the guidance of President Mickey Drexler, out went the blue jeans, in came a broad mix of brightly colored sportswear modeled suspiciously like the stuff sold by archrival Benetton. The result? For the nine months ended Oct. 31, comparable same-store sales at the Gap were up 6.3%. Problems still remain at the Banana Republic, however, which is trying to switch from safari clothes to something the company vaguely describes as "vacation wear." The Gap's chairman and chief executive, Donald Fisher, is also being dogged by lawsuits from disgruntled shareholders charging him with illegally withholding bad news from shareholders. Even so, this is a company that got knocked flat in the retailing bloodbath of 1987 and has picked itself up nicely since then, again setting the pace for others to follow.

Shonna Valeska

Donald Fisher of the Gap

SURFACE TRANSPORTATION



The railroads are once again doing what they do best: running railroads.

By Jonathan Clements

OVER THE YEARS the railroads have tried their hands at operating energy companies, building contractors, plywood mills and even Caribbean resorts. In 1988 they went back to running railroads. The result was improved earnings prospects and greater respect on Wall Street.

Leading the march were Burlington Northern, CSX and Santa Fe Southern Pacific. Burlington Northern's decision to spin off its natural resources business has pushed its stock up 27% from its 1988 low. CSX' stock has risen 23% as the company continues to buy back 38% of its stock. Next on CSX' agenda is the sale of its energy and resort operations.

At Santa Fe Southern, Chief Executive Robert Krebs gutted his company of valuable assets as he sought to stave off two predators, Henley Group and Olympia & York Developments. Henley backed off in July, but Olympia & York still owns just under 20% of the company's stock.

CNW Corp., meanwhile, spearheaded the fight against overmanning. In September, Congress approved a Presidential Emergency Board's recommendation that allows CNW to cut its train crew size from four men to three. With industry-wide labor negotiations now going on, expect to hear more about pay and crew sizes.

The railroads won a second victory on Capitol Hill when

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Railroads													
Burlington Northern	62/57	1	9.9%	8.2%	73.1%	5.5%	2	10.6%	−19.8%		NM	−65.1%	$5,231
Norfolk Southern	81/●	2	9.2	13.0	12.9	14.4	5	5.5	7.4	2	−10.3%	357.3	4,362
Kansas City Southern	63/76	3	7.5	5.9	82.2	3.5	6	5.5	2.4		NM	D-P	515
Santa Fe Southern	78/35	4	7.3	def	431.3	def	10	−1.9	−31.4		NM	P-D	3,749
CNW	●/86	5	6.8	12.6	106.0	5.3	7	3.5	5.9		NM	21.9	1,000
Union Pacific	75/71	6	6.6	14.4	75.6	8.9	9	−1.7	16.4		NM	4.6	6,701
CSX	82/76	7	6.5	2.9	58.4	2.0	3	7.9	2.1		NM	−67.0	7,675
Trinity Industries	38/19	8	2.1	10.3	95.3	2.8	4	6.3	44.2		NM	408.7	745
GATX	40/52	9	0.3	19.6	500.0+	8.3	11	−12.5	5.0		NM	34.2	555
Soo Line	●/36	10	def	6.7	113.4	2.9	1	21.4	−4.5		NM	D-P	584
Consolidated Rail	●/●		NA	8.0	22.4	9.0	8	−1.5	7.1	1	3.8	11.5	3,426
Medians			6.7	8.2	82.2	5.3		5.5	5.0		NM	21.9	
Trucking and leasing													
Yellow Freight Sys	●/●	1	18.3%	15.6%	37.2%	3.2%	6	14.1%	12.5%	1	25.2%	53.6%	$1,952
Ryder System	77/79	2	17.4	9.5	181.6	2.7	4	17.1	11.8	2	12.9	−30.3	4,932
Carolina Freight	●/●	3	17.3	4.7	73.1	0.9	2	17.3	6.9	4	1.7	−49.2	635
Roadway Services	●/●	4	14.8	10.2	0.0	3.3	7	10.7	12.6	6	−8.6	16.0	2,057
Consol Freightways	87/●	5	13.5	13.5	6.9	3.6	5	14.3	16.3	3	8.7	24.2	2,590
RLC	●/●	6	8.8	13.9	272.5	6.2	8	8.6	−37.7	5	0.1	253.8	275
Preston	●/●	7	5.9	0.0	107.7	1.0	3	17.2	21.2	7	−35.7	P-Z	577
American Carriers	●/●	8	5.6	def	50.7	def	9	8.3	50.2		NM	P-D	589
Budget Rent a Car	●/●		NA	18.5	189.3	3.1	1	27.8	23.9		NM	NA	481
Medians			14.1	10.2	73.1	3.1		14.3	12.6		0.1	−7.1	
Other surface													
Alexander & Baldwin	66/60	1	18.3%	26.9%	48.1%	19.5%	3	9.3%	11.7%	1	24.2%	18.5%	$672
American President	●/●	2	13.3^b	11.8	62.7	4.0	1	23.4	15.5	2	−5.7	5.2	2,020
Eastern Gas & Fuel	30/32	3	3.9	10.6	58.4	7.2	4	−9.4	−13.5		NM	223.4	673
Avondale Industries	NA/NA		NA	0.7	26.9	0.7	2	9.9^d	NA		NA	NA	505
Medians			13.3	11.2	53.2	5.6		9.6	11.7		−5.7	18.5	
Industry medians			7.5	10.2	73.1	3.4		9.0	7.4		NM	17.2	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit P-Z: Profit to zero def: Deficit NA: Not available NE: Negative equity NM: Not meaningful a: Three-year average b: Four-year average c: Three-year growth d: Four-year growth For further explanation, see page 77 they stopped the proposed revision of the 1980 Staggers Act, which authorized the deregulation of the railroads. The proposed bill, which would have led to increased government control of shipping rates, was rejected by the Senate Commerce Committee by one vote. The railroads will surely have to fight this battle again in 1989.

In all this, there was one black spot for shareholders. A Pittsburgh district court ruling has, for now, sidetracked the regional railroad movement. Sales of short-line railroads had become a way of turning marginal branch lines into profitable regional railroads. But since the Pittsburgh decision, only one short-line sale has gone through. In November, the Supreme Court agreed to review the case.

The big three truckers, Consolidated Freightways, Roadway Services and Yellow Freight, all saw earnings rebound as rates finally turned upward in the less-than-truckload (LTL) segment of the market. The top firms further tightened their grip on the market, with Roadway buying Viking Freight and American Freight System, the LTL subsidiary of American Carriers, filing for Chapter 11. ■

Big easy survivor

The past three years have been disastrous for shipbuilders. Todd Shipyards went into Chapter 11 in August 1987. Morrison Knudsen is losing money. Both General Dynamics and Lockheed have closed shipyards.

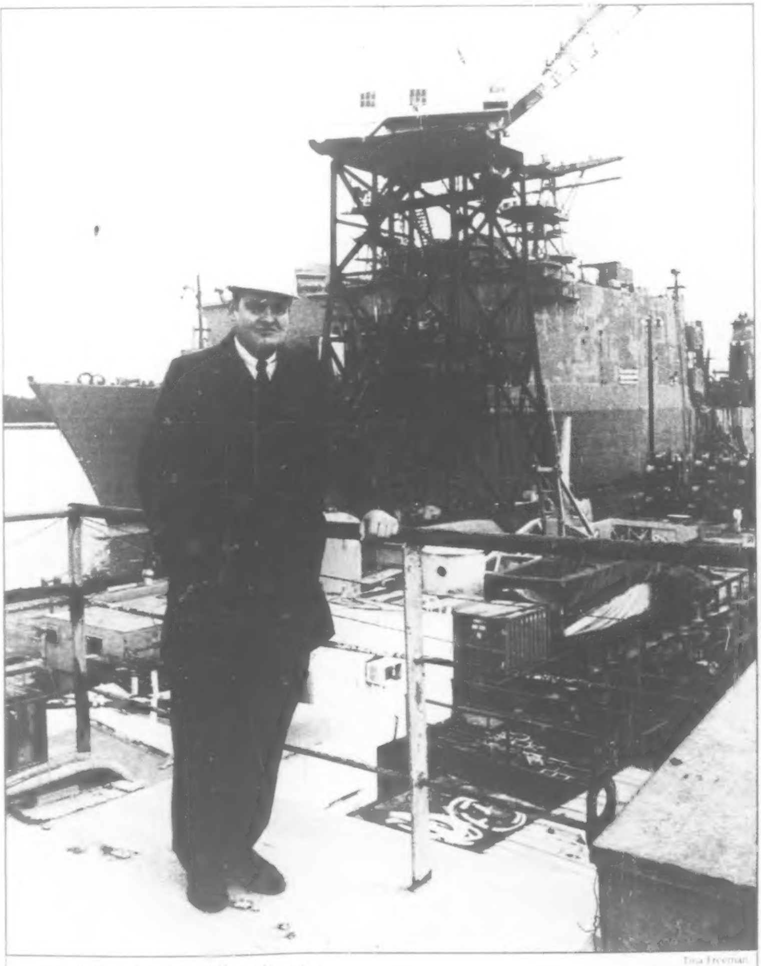
And Avondale Industries? They're doing very nicely, thank you very much. The New Orleans-based shipbuilder might also be struggling but for a fateful 1981 decision by Chief Executive Albert Bossier. With the Japanese devouring the world shipbuilding market, Bossier decided to copy their construction methods, and hired a leading Japanese shipbuilder to teach so-called modular assembly technology to his nonunion work force. What followed was a laborious five-year retraining that has now turned Avondale into one of the U.S.' lowest-cost shipbuilders. Avondale, which lost money in 1986, will likely earn $30 million on sales of $570 million in 1988.

Says Bossier, "In three or four years, it's conceivable there'll be only five or six major shipbuilders left in the U.S. I can't speak for the other people, but we intend to be profitable."

Before the company adopted modular construction, Avondale's welders and engineers would crowd into an already constructed hull to insert decks, pipes and wires. Today, Avondale's workers construct some 200 modular units at a time, in advance, for later final assembly in a completed hull. Result: a labor saving of 20%.

Avondale's employees have plenty of incentive to keep costs down. The shipbuilder was once owned by Ogden Corp., but in 1985 it was bought by Avondale's employee stock ownership plan. Last March the company was taken public, but employees still own 61% of the stock. The shares now trade at eight times 1989 estimated earnings, with sales over the last five years growing at a brisk 9% annually.

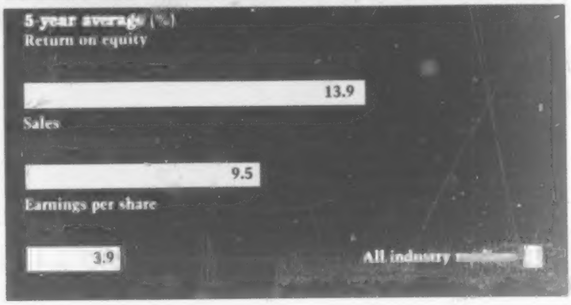
Defense contracts currently account for 85% of Avondale's revenues, so the company has moved to cut its dependence on Pentagon money by turning its modular construction skills to projects like a hydroelectric plant in Vidalia, La., and four hazardous waste treatment plants for Ogden Corp. Meanwhile, the company has a $2 billion backlog of Pentagon contracts to lean on as it moves to diversify.



Tina Freeman

Avondale Industries' Albert Bossier

TELECOMMUNICATIONS



Regulators are learning they can't hold back technology forever.

By Patrice Duggan

THE YEAR JUST ENDED showed a telecommunications industry ready and able to expand into just about every niche of communications technology—if only the regulators, the legislators and the courts would get out of the way. The phone companies stepped up installation of fiberoptic cable to residential customers, and aggressively declared their intention to use their new networks to market everything from video entertainment to electronic information services. To cable TV companies, newspaper publishers and database services, those words promise bitter, and costly, legislative battles to come in Washington.

Meanwhile, there was plenty to keep phone companies busy with basic telephone service. After all, 1988 was also the year that faxes and cellular car phones became more essential to an executive than his Mont Blanc pen.

The watershed event came in March, when U.S. District Court Judge Harold Greene granted the Baby Bells permission to offer certain voice mail and so-called information gateway services. But Judge Greene has yet to give the Baby Bells what many want most—namely, the right to generate the content of the signals they transmit.

Whatever Judge Greene does, there are signs that Washington is growing more receptive to the notion of telecommunications deregulation. For one, the Federal Communications

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Carriers													
PacifiCorp	23/15	1	15.9%	15.1%	93.0%	13.1%	4	9.0%	2.5%	12	0.9%	6.8%	$2,227
Centel	56/85	2	15.8	14.7	109.2	11.5	16	4.1	–9.8	10	4.1	36.9	1,311
Ameritech	●/●	3	15.4^{b}	16.5	55.8	12.7	15	4.5^{c}	4.1	4	7.6^{c}	13.0	9,847
Alltel	78/●	4	15.2	21.1	83.1	15.2	10	6.2	12.0	5	7.0	89.6	813
BellSouth	●/●	5	14.8^{b}	13.9	58.7	12.7	5	8.7^{c}	9.0	6	6.8^{c}	2.9	13,098
Cincinnati Bell	83/●	6	14.5	19.0	58.4	11.8	8	8.3	21.7	1	12.7	41.6	719
Bell Atlantic	●/●	7	14.5^{b}	14.9	56.3	12.6	7	8.5^{c}	0.0	2	7.8^{c}	6.3	10,298
Nynex	●/●	8	14.1^{b}	14.2	68.2	10.3	6	8.5^{c}	4.9	3	7.8^{c}	5.5	12,521
Rochester Telephone	●/●	9	14.1	12.6	75.8	7.8	2	11.3	8.0	13	0.4	–1.4	466
So N England Telecom	●/●	10	13.9	14.0	75.3	9.8	9	6.3	7.6	7	6.7	8.4	1,556
US West	●/●	11	13.8^{b}	15.0	63.0	12.6	12	5.2^{c}	5.4	9	4.3^{c}	20.1	8,821
Southwestern Bell	●/●	12	13.7^{b}	12.2	62.4	11.9	17	3.2^{c}	7.1	8	4.7^{c}	–2.1	8,419
Pacific Telesis	●/●	13	13.7^{b}	13.9	68.1	11.5	11	5.3^{c}	6.4	11	2.4^{c}	6.6	9,470
Contel	66/●	14	13.4	9.0	120.3	4.3	3	10.8	5.0	15	–16.6	–37.5	3,057
GTE	76/●	15	11.9	15.1	109.5	7.6	13	5.2	5.8		NM	17.0	16,226
American Tel & Tel	●/●	16	9.1^{b}	15.0	48.2	6.3	18	0.1^{c}	2.8	14	–6.3^{c}	500.0+	34,456
United Telecom	79/●	17	7.2	10.2	210.4	5.1	14	5.1	6.3		NM	D-P	3,114
MCI Communications	●/●	18	2.4	19.2	213.5	5.5	1	29.6	24.1		NM	D-P	4,744
Western Union	●/●	19	def^{b}	def	NE	def	19	–4.9	6.8		NM	D-D	880
Medians			13.9	14.7	68.2	11.5		6.2	6.3		4.1	8.4	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.

TELECOMMUNICATIONS

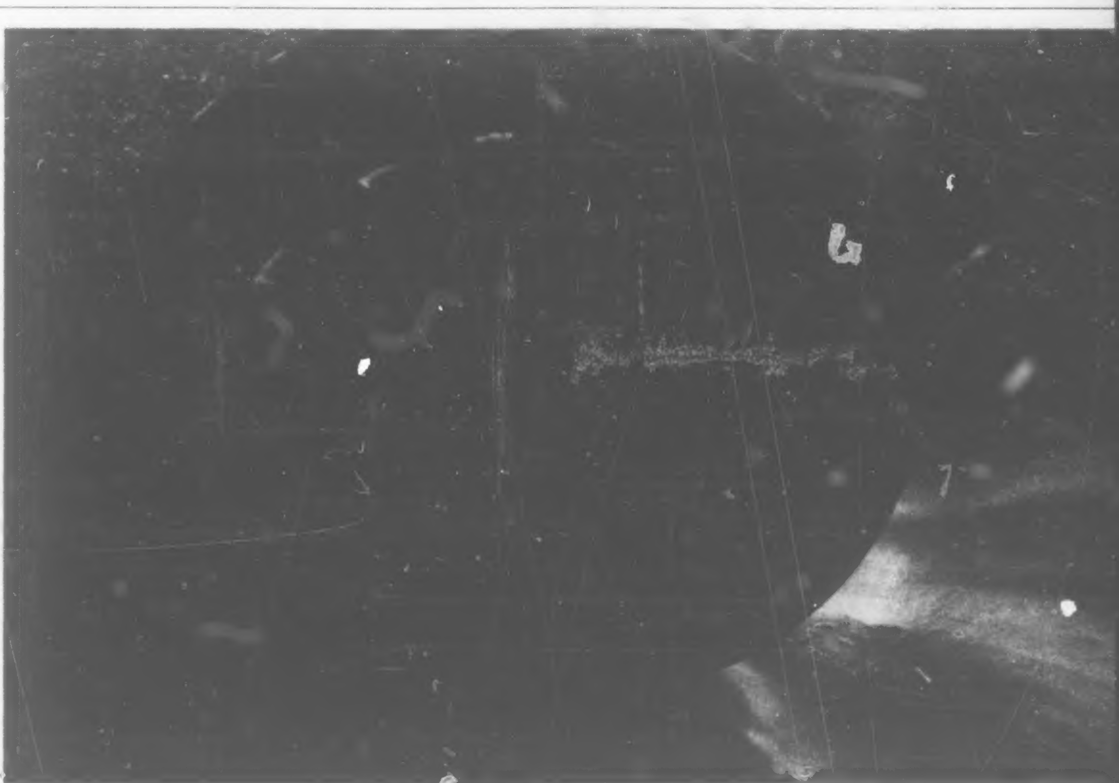
Commission has urged Congress to lift its ban on cross-ownership of cable TV systems by telephone companies. For another, the FCC permitted AT&T to offer discounted long-distance tariffs to special customers, enabling it to fight off challenges from less regulated rivals like MCI and US Sprint.

AT&T hopes for important changes in rate of return regulation in the first quarter of this year. By imposing price caps instead of limiting its return on assets, regulators would allow AT&T more freedom to increase earnings by cutting costs. Meanwhile, 33 states have implemented regulation reforms for local carriers. NYNEX, for one, is now allowed to exceed its previous limit of 14% return on equity in New York State so long as it passes half of its gain to customers, possibly in the form of rate cuts.

The FCC is also moving ahead with its attempt to create an Open Network Architecture. Its purpose: to ensure that the Baby Bell operating companies can continue to function as a unified network. This will become more important as regions begin to figure out different ways of handling new services, like automatic number identification or voice mail. ■

Yardsticks of management performance		**Profitability**					**Growth**						**Sales**
		Return on equity					Sales			Earnings per share			—
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	latest 12 mos ($mil)
Manufacturing													
Northern Telecom	●/●	1	19.3%	13.8%	20.4%	6.7%	2	15.7%	5.2%	1	19.8%	0.4%	$5,121
Motorola	36/46	2	11.2	14.1	10.6	5.4	3	11.4	21.8	2	–1.2	56.5	7,889
Penn Central	50/40	3	5.2	4.6	10.2	5.1	6	–11.3	–7.8		NM	–31.7	1,493
Scientific-Atlanta	71/●	4	5.1	13.8	1.2	6.0	4	9.3	–2.1		NM	13.3	505
TIE/Communications	●/●	5	def	def	5.1	def	5	3.5	–1.5		NM	D-D	251
Itel	66/29	6	def[b]	6.0	232.4	2.0	1	36.2	54.2		NA	D-P	1,534
Medians			5.2	9.9	10.4	5.2		10.3	1.8		NM	6.8	
Industry medians			13.7	14.0	63.0	7.8		6.3	5.8		1.6	8.4	
All-industry medians			13.9	14.1	45.7	4.9		9.5	11.6		3.9	18.4	

●90% or more **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Three-year average. b: Four-year average. c: Three-year growth. d: Four-year growth. For further explanation, see page 77.



Rocky road

For much of the 1980s GTE Corp. was a company adrift. Burdened by losses from US Sprint, its joint venture into the long-distance telephone market, GTE consistently underwhelmed Wall Street with flat to falling earnings and growth that lagged not just the industry but much of the economy. "This company was unexciting and going nowhere," says Robert Morris of Goldman, Sachs & Co.

Then the board filled the hot seat with James (Rocky) Johnson, 61, a company veteran who joined 39 years ago as an accountant. His mission: to turn the company around.

In the nine months Johnson has been in command, he's been doing just that, specifically by refocusing the company away from distracting diversification efforts and toward its traditional businesses, one of which is providing local telephone service.

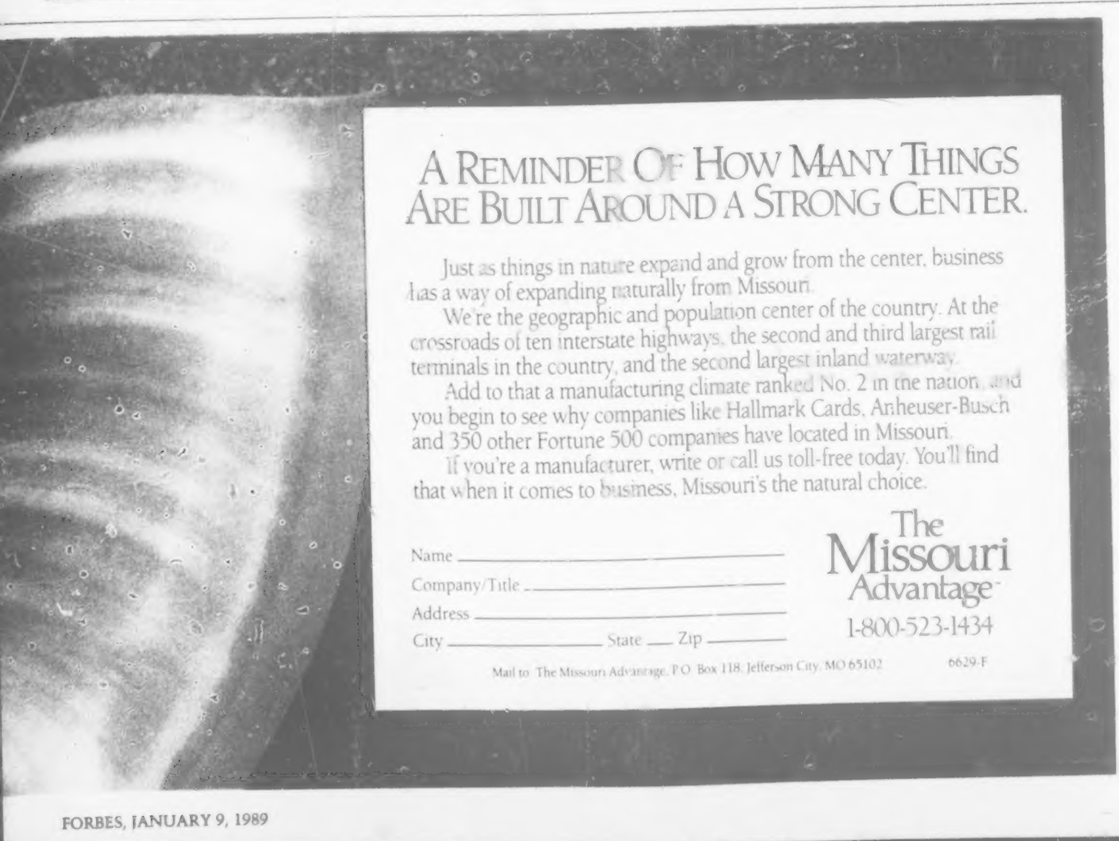
Gone is the consumer communications unit, which made answering machines and telephones. Gone also is GTE's digital central office switching system operation, eventually to belong to AT&T. Gone, finally and most important, is GTE's involvement in US Sprint, which as a result will be 100% owned by GTE's partner in the venture, United Telecom. Johnson is also reorganizing the telephone operation and ultimately will leave GTE with 14,000 fewer workers.

GTE, free of Sprint's losses, already shows signs of improved earnings. Earnings for 1988 are expected to be around $3.60 a share, up 9% from 1987. That has given Johnson the leeway to increase dividends by 6.3%. Johnson has also announced an aggressive plan to repurchase up to 25 million shares of common stock.

Has Wall Street recognized a turnaround? Apparently not. Looking at estimated earnings for 1990, the stock has a price/earnings ratio of nearly 9—decidedly below the standard in this industry.

Alan Goldsmith

James (Rocky) Johnson of GTE



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6629-F

WHO'S WHERE IN GROWTH

Latest 12-month earnings are up a remarkable 18.4% for the 1,116 corporations in this survey.

By Steve Kichen

American companies had a very profitable year in 1988. Consensus estimates collected by the New York brokerage firm of Lynch, Jones & Ryan indicate that 1988 earnings for the S&P 500 will be up about 35% over 1987. The gain is enhanced by the massive writeoffs of bad loans several major banks had taken the year before. Even so, Lynch, Jones & Ryan Vice President Stanley Levine reports that the S&P 400 (the 500 minus banks and other regulated industries) will report a 29% earnings increase on average in 1988.

The analysts' outlook for 1989: a less spectacular but still respectable 10% gain in profits for both the S&P 500 and the S&P 400. Clearly, Wall Street analysts, in the main, do not expect a recession.

Of the ten corporations with the fastest long-term earnings growth, three are computer companies—Compaq Computer, Sun Microsystems and Wyse Technology. Three years ago none qualified for the Forbes industry survey, but look at them now. Compaq had latest 12-month sales of $1.8 billion, Sun, $1.2 billion; and Wyse, $551 million.

Compaq, with a four-year average earnings growth rate of 118%, has increased per-share earnings 84% over the past 12 months. It has exploited the gaps in IBM's microcomputer line, boosting revenues 87% over the past 12 months.

The top-ranked computer companies have shown exceptional growth rates even though they're no longer startups with the power of exponential growth. It's easier for a firm with $1 million in sales to double revenues than for a $1 billion corporation to pull off the same trick.

Nothing goes up forever. Of the top 25 firms ranked on five-year average earnings growth, 11 show declining earnings over the most recent 12 months. Reebok International, Anchor Glass and Chrysler are likely to rank lower on next year's survey. ■

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Reebok International	1	200.0+%	–1.7%	2	254.2%	39.3%
Anchor Glass	2	164.6[c]	–76.3	204	19.7	52.0
CalMat	3	122.7	–22.0	162	23.0	–11.9
Sun Microsystems	4	120.6[d]	57.3	4	170.3[d]	95.9
Compaq Computer	5	118.4[d]	84.4	22	72.3[d]	87.0
Envirodyne Industries	6	118.1	30.5	11	135.9	7.4
Danaher	7	112.4[c]	102.5	8	146.1	23.4
Wyse Technology	8	93.5	5.3	7	150.4	64.9
GenCorp	9	92.3	57.8	937	–0.2	–13.4
SPS Technologies	10	82.3	–46.4	376	13.0	5.9
Reliance Group	11	80.7	–63.9	309	15.2	3.8
TW Services	12	80.7[d]	160.8	225	19.0	64.0
First Capital Holding	13	79.8[d]	9.7	1	500.0+[d]	128.6
Sequa	14	77.6	–77.1	880	1.7	80.0
CalFed	15	74.0	–13.0	285	16.0	14.9
Willamette Inds	16	72.9	47.3	638	7.6	20.4
Harman International	17	72.9	28.7	234	18.6	34.0
Microsoft	18	72.6	78.5	30	65.9	74.1
Chrysler	19	70.4	–25.3	185	20.4	25.6
Boise Cascade	20	66.9	86.8	780	4.6	6.3
GlenFed	21	66.4[c]	23.7	166	22.4	11.1
Pilgrim's Pride	22	65.1[d]	P-D	392	12.6	20.1
Best Buy Co	23	64.1%	–72.9%	15	112.3%	50.4%
American Express	24	63.0[d]	–46.0	115	29.2	22.1
Mark IV Industries	25	61.2	27.0	18	86.3	33.2
Harley-Davidson	26	60.5[d]	49.1	200	19.9	23.1
Longview Fibre	27	60.4	49.6	580	8.6	12.2
Shaw Industries	28	59.2	35.3	155	23.6	46.3
Dixie Yarns	29	57.8	–18.7	319	14.9	23.0
Foodarama Supermkts	30	56.5	130.8	867	2.3	2.3
Affiliated Pubs	31	56.4	P-D	389	12.7	14.6
Marion Laboratories	32	56.3	50.0	106	31.0	22.4
Consolidated Stores	33	54.5	–2.9	10	138.7	20.5
Jepson	34	53.7[c]	–35.0	9	140.1[d]	9.5
MMR Holding	35	53.5	50.5	52	45.2	55.8
Spiegel	36	53.4	–19.8	252	17.3	15.4
Oshkosh Truck	37	53.3	–39.7	80	35.1	–12.6
NWA	38	52.5	–14.3	183	20.7	7.3
Liz Claiborne	39	51.9	–5.1	51	46.7	12.5
Amdahl	40	51.8	57.4	181	20.9	28.0
Healthco International	41	51.8	66.4	393	12.5	13.4
Cray Research	42	51.5	–24.3	59	41.7	–11.0
Price Co	43	51.5	28.7	40	55.7	25.2
Boston Edison	44	51.3	–38.3	884	1.6	5.6

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Gt Am First Savings	45	51.1%^{d}	-61.0%	141	25.4%	8.3%
Georgia-Pacific	46	50.9	14.6	623	7.9	12.5
Ralston Purina	47	50.7	-22.6	789	4.5	0.1
Tyson Foods	48	50.5	19.8	116	29.2	8.4
Circuit City Stores	49	49.4	37.0	62	40.7	32.7
Albany Internacional	50	49.4^c	37.5	411	12.2	16.1
Precision Castparts	51	49.1	-6.9	65	40.3	11.2
General Motors EDS	52	48.8	32.4	36	61.8	7.3
Harcourt Brace	53	47.7	D-P	347	14.0	26.5
FHP International	54	47.3^d	217.3	68	39.2	41.4
Computer Associates	55	45.8	90.2	57	42.4	39.6
Masco Industries	56	45.8^c	-26.1	142	25.2	26.1
Limited	57	45.8	-23.5	66	39.7	6.5
Hadson	58	45.6^c	29.0	14	118.7	58.6
Progressive	59	45.0^d	-7.5	84	34.8	34.3
Trinova	60	44.7	25.6	585	8.5	16.6
Smithfield Foods	61	43.9	105.8	171	22.2	-18.8
Tribune	62	43.4	64.5	582	8.6	8.2
Armstrong World Inds	63	43.4	16.3	422	12.0	14.3
Mayfair Super Markets	64	43.4	22.4	574	8.7	17.6
USG	65	42.7	-57.9	254	17.3	-15.1
Interlake	66	42.7	28.4	935	-0.1	10.9
Walt Disney	67	42.5	17.6	165	23.0	19.5
Ecolab	68	42.5^d	-73.4	359	13.5	30.8
FMC	69	42.2	-40.2	990	-2.9	6.5
Potlatch	70	42.2	26.9	837	3.3	7.0
Hartford Steam Boiler	71	41.3	21.2	328	14.6	7.0
Jefferson Smurfit	72	40.8	94.5	198	20.0	17.5
Seagate Technology	73	40.2	-93.1	19	75.2	35.0
JWP	74	39.7	26.1	25	71.3	38.0
Ryland Group	75	39.6	0.8	119	28.7	1.0
Northrop	76	39.4	225.9	192	20.1	-1.9
Home Depot	77	39.3	61.1	34	63.3	49.0
Louisiana-Pacific	78	39.2^d	21.9	313	15.1	0.2
Standard Products	79	38.7	22.8	280	16.3	11.7
Kaufman & Broad	80	38.2^d	-15.9	117	29.1	43.3
Arden Group	81	37.8	94.3	1034	-5.8	-4.2
Western S&L	82	37.0^d	-94.6	232	18.6	14.4
Berkshire Hathaway	83	36.7	68.4	58	41.9	-1.7
American Family	84	36.6	-5.3	136	25.8	27.0
Olsten	85	36.4	38.5	122	28.2	31.4
Polaroid	86	35.9	-77.5	671	7.0	4.1
Village Super Market	87	35.9	6.4	431	11.9	9.5
Wal-Mart Stores	88	35.3	35.7	73	36.4	28.8
No'western Natl Life	89	35.0	-28.7	78	35.4	7.2
Hercules	90	34.5	-76.6	898	1.2	2.9
Geico	91	34.5	-26.1	306	15.3	9.7
Culbro	92	34.2	-70.2	324	14.7	10.3
Aetna Life & Cas	93	34.1	-20.1	501	10.4	7.0
Great A&P Tea	94	33.9	28.3	308	15.3	6.6
Gap	95	33.8	-20.7	213	19.5	24.8
Kelly Services	96	32.3	30.5	160	23.2	12.7
Intergraph	97	32.1	36.0	93	33.0	29.4
Toro	98	31.2^c	21.1	191	20.2	16.9
Hasbro	99	31.0	-2.0	32	64.2	1.2
Continental Info Sys	100	30.9	-99.1	53	44.5	115.1
Student Loan	101	30.8	30.9	311	15.1	35.8
HF Ahmanson	102	30.8^d	-27.0	654	7.2	20.9
Western Publishing	103	30.8^c	75.0	424	12.0	39.3
Food Lion	104	30.7	37.5	135	26.0	25.2
CNA Financial	105	30.6	53.5	210	19.6	10.8
Schultz Sav-O Stores	106	30.4	4.9	848	2.9	-0.3
20th Century Inds	107	30.3	15.1	86	34.2	22.9
CDI Corp	108	30.0	100.9	290	16.0	32.0
Bemis	109	28.9	26.4	693	6.5	13.4
Carnival Cruise Lines	110	28.8	8.6	170	22.2	10.1
Scott Paper	111	28.6	76.5	417	12.1	13.4

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Himont	112	28.5%^{c}	42.8%	603	8.3%^{c}	48.0%
Hudson Foods	113	28.2^c	-70.9	524	9.9	28.0
Loews	114	28.2	90.6	273	16.6	16.3
Charming Shoppes	115	28.1	-27.8	111	29.8	16.4
Safeco	116	28.1	-11.1	401	12.3	8.1
Manor Care	117	28.0	P-D	353	13.7	8.2
Textron	118	28.0	-15.7	146	24.4	-2.7
Washington Post	119	28.0	86.9	488	10.7	6.1
Quaker Oats	120	27.7	3.0	491	10.6	16.2
Arvin Industries	121	27.5	-76.5	186	20.3	-2.5
Fred Meyer	122	27.3	17.4	472	11.0	10.1
Handleman	123	27.1	28.0	261	17.0	18.4
Home Federal S&L	124	27.1^d	6.2	315	15.0	23.5
Hanover Insurance	125	27.0	3.4	206	19.7	14.8
Gt Western Financial	126	27.0^d	-32.5	158	23.4	-28.4
General Public Utils	127	26.4	20.1	854	2.7	3.2
Time Inc	128	26.4	38.2	434	11.9	8.7
Nashua	129	26.3^d	33.5	637	7.6	20.0
CBS	130	26.2	206.7	1022	-5.1	-15.4
Rollins	131	26.1	15.4	661	7.1	7.7
ICH	132	26.1^d	P-D	20	73.3	17.0
Stanhome	133	26.1	28.0	423	12.0	12.8
Chubb	134	26.0	-5.8	190	20.3	7.8
Torchmark	135	25.9	0.7	304	15.4	2.6
Holly Farms	136	25.3	2.1	820	3.6	16.8
Yellow Freight Sys	137	25.2	53.6	341	14.1	12.5
PepsiCo	138	25.0	28.0	621	7.9	10.3
Marsh Supermarkets	139	24.9	-0.3	584	[illegible]	8.8
Waste Management	140	24.7	-8.5	152	23.7	30.7
Fleetwood Enterprises	141	24.5	22.3	322	14.7	12.5
Kentucky Central Life	142	24.3	-27.5	95	32.8	3.6
Comdisco	143	24.3	-81.9	216	19.3	13.5
Alexander & Baldwin	144	24.2	18.5	549	9.3	11.7
Mead	145	24.2^d	128.3	543	9.6	10.0
Super Food Services	146	24.2	20.2	715	6.1	2.5
Quantum Chemical	147	24.2	83.1	793	4.4	32.0
Philips Industries	148	24.2	11.3	256	17.2	22.9
Apple Computer	149	23.9	86.7	97	32.3	53.0
Golden West Finl	150	23.8^d	-23.5	457	11.3	3.8
VWR Corp	151	23.8^c	-34.2	560	9.1	14.5
SCI Systems	152	23.5	18.8	61	41.4	47.2
Monarch Capital	153	23.5	-52.3	47	51.0	-59.7
Dillard Dept Stores	154	23.4	21.4	130	26.5	21.4
La-Z-Boy Chair	155	23.4	9.2	222	19.1	17.6
Morgan Products Ltd	156	23.4^c	-26.8	114	29.2	1.6
Ford Motor	157	23.3^d	20.1	372	13.2	15.1
Kellwood	158	23.3	16.0	972	-1.9	20.2
Marsh & McLennan	159	23.3	1.7	208	19.7	7.9
Ethyl	160	23.3	24.8	938	-0.2	19.9
Crown Cork & Seal	161	23.3	16.9	724	5.7	7.8
Esselte Business Sys	162	23.0	14.3	228	18.9	19.9
PH Glatfelter	163	22.9	47.6	581	8.6	49.9
Weyerhaeuser	164	22.8	29.1	573	8.8	15.6
US Healthcare	165	22.7	-78.3	29	67.2	21.6
Dow Chemical	166	22.6	103.6	828	3.5	27.1
Squibb	167	22.5	-18.0	800	4.1	21.4
Genlyte Group	168	22.5^d	NA	504	10.4^d	10.4
First Amer Financial	169	22.5^d	-63.8	144	25.0^d	-6.2
Chesapeake	170	22.4	131.5	145	24.9	6.1
Capital Holding	171	22.3	-40.4	357	13.5	3.0
Toys "R" Us	172	22.2	41.0	150	23.9	38.5
Primerica	173	22.1^d	1.1	1013	-4.4	22.0
Nordstrom	174	22.0	26.7	133	26.3	17.7
Tandem Computers	175	21.8	-11.1	138	25.6	27.0
HON Industries	176	21.8	-2.4	342	14.1	6.6
Helene Curtis Inds	177	21.7	39.9	409	12.2	24.9
Becton Dickinson	178	21.6	17.3	685	6.6	8.1

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share rank	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
Union Bank	179	21.5%	26.4%	805	4.0%	7.9%
Maytag	180	21.4	-3.8	551	9.3	-1.1
Temple-Inland	181	21.0[d]	50.5	695	6.4	10.6
PPG Industries	182	20.9	41.4	567	8.9	9.0
Equitable of Iowa	183	20.8	1.9	858	2.6	17.9
New York Times	184	20.7	4.8	390	12.7	4.8
Leggett & Platt	185	20.7	3.9	236	18.4	20.3
Philip Morris Cos	186	20.6	31.2	172	22.1	8.0
Circus Circus	187	20.5	63.6	233	18.6	23.2
Nacco Industries	188	20.5	16.8	842	3.2	14.5
American Intl Group	189	20.3	9.8	126	27.3	21.6
Rubbermaid	190	20.1	18.0	174	21.9	21.6
Hechinger	191	20.1	7.2	147	24.2	33.7
Consolidated Papers	192	20.0	77.2	705	6.2	23.7
Reynolds & Reynolds	193	20.0	-12.0	215	19.4	6.6
Carter-Wallace	194	20.0	16.3	479	10.9	7.2
FW Woolworth	195	19.9[d]	18.4	688	6.5	11.5
Northern Telecom	196	19.8	0.4	298	15.7	5.2
Digital Equipment	197	19.8	4.2	203	19.8	20.3
First Union	198	19.6	1.1	221	19.1	3.2
Pitney Bowes	199	19.6	26.5	583	8.6	6.9
Circle K	200	19.6[d]	12.1	109	30.6	14.9
Deluxe Corp	201	19.6	0.6	444	11.6	19.6
Bandag	202	19.5	19.2	629	7.7	17.1
HB Fuller	203	19.5	-0.8	478	10.9	12.6
Family Dollar Stores	204	19.4	14.0	173	22.1	19.5
Paccar	205	19.2	61.2	429	11.9	30.5
Marriott	206	19.2	16.9	184	20.6	13.8
ConAgra	207	19.2	14.5	67	39.4	7.6
Kinder-Care	208	19.2	-11.4	85	34.4	64.1
Owens & Minor	209	19.0	4.9	169	22.2	27.1
Phillips-Van Heusen	210	19.0	-12.3	893	1.3	30.2
Argonaut Group	211	18.9[c]	142.5	958	-0.9	9.2
Kraft	212	18.8	163.7	745	5.4	11.8
Corning Glass Works	213	18.7	90.5	744	5.4	6.9
Household Intl	214	18.6	1.6	1100	-20.8	35.4
Sherwin-Williams	215	18.6	-8.0	981	-2.3	10.1
Loral	216	18.4	25.6	94	32.9	43.9
Kaman	217	18.2	15.9	521	9.9	12.2
Times Mirror	218	18.2	-6.5	686	6.6	6.1
Abbott Laboratories	219	18.2	20.5	499	10.5	15.3
Ferro	220	18.2	48.4	669	7.0	18.7
Merck	221	18.2	38.8	539	9.7	20.4
Vulcan Materials	222	18.2	36.3	763	5.0	0.2
Dominion Bankshares	223	18.1	1.4	329	14.5	23.2
Ingles Markets	224	18.1	12.7	418	12.1	16.0
A Schulman	225	18.1	39.8	398	12.4	28.9
Nucor	226	18.1	45.1	433	11.9	28.8
International Paper	227	18.0	63.7	427	11.9	16.7
CR Bard	228	17.8	27.6	437	11.7	18.5
Cincinnati Financial	229	17.7	33.3	229	18.8	5.1
Noxell	230	17.6	16.7	373	13.1	6.1
Upjohn	231	17.6	16.4	725	5.7	9.0
Service Corp Intl	232	17.6	8.9	294	15.9	23.6
Masco	233	17.5	7.7	272	16.6	24.8
Zayre	234	17.4	P-D	148	24.2	-23.7
Worthington Inds	235	17.4	41.7	316	15.0	12.5
Teledyne	236	17.4	83.1	871	2.2	3.7
Homestead Financial	237	17.4	P-D	54	44.3	-10.3
Bruno's	238	17.4	21.8	268	16.8	45.6
Kellogg	239	17.3	21.0	498	10.5	16.1
Federal Paper Board	240	17.3	61.1	283	16.1	4.9
Pep Boys	241	17.3	5.1	291	15.9	15.6
Browning-Ferris Inds	242	17.3	28.8	245	17.7	27.3
Coca-Cola Enterprises	243	17.2	55.3	60	41.6	12.7
Dow Jones	244	17.1	18.4	447	11.5	32.9
Columbia S&L Assoc	245	17.1	-95.0	35	61.9	-2.1
Valspar	246	17.1%	6.6%	134	26.2%	17.5%
Bausch & Lomb	247	16.9	16.3	536	9.7	13.5
Great Lakes Chemical	248	16.9	93.2	230	18.8	30.1
Holiday	249	16.9	-20.3	856	2.6	-3.9
General Re	250	16.9	3.0	211	19.6	-16.3
Dana	251	16.9	26.5	496	10.5	21.4
Equifax	252	16.8	23.4	547	9.5	10.1
Burlington Coat	253	16.7	4.7	127	27.3	21.1
Snap-on Tools	254	16.7	35.6	405	12.3	13.8
UST Inc	255	16.7	28.3	445	11.6	10.2
Rockwell Intl	256	16.6	33.9	436	11.9	-1.5
Sonoco Products	257	16.6	30.4	247	17.6	32.7
First of America Bank	258	16.4	6.0	487	10.7	21.5
Illinois Tool Works	259	16.4	21.3	124	28.1	15.0
South Carolina Natl	260	16.4	6.4	270	16.7	11.9
Hannaford Bros	261	16.4	16.7	375	13.1	16.1
Aon	262	16.4	-1.3	260	17.0	22.8
Alberto-Culver	263	16.3	55.5	511	10.2	17.5
Herman Miller	264	16.3	26.8	325	14.6	23.4
Wm Wrigley Jr	265	16.3	34.4	713	6.1	14.6
Standard Register	266	16.2	2.8	318	14.9	1.1
RR Donnelley & Sons	267	16.1	-6.1	400	12.3	15.9
Westinghouse	268	16.1	10.7	863	2.5	9.4
Kimball International	269	16.1	0.3	337	14.3	6.0
Old Kent Financial	270	15.9	16.2	351	13.8	19.1
Russell	271	15.9	14.7	448	11.5	10.0
Interpublic Group	272	15.8	23.3	446	11.6	20.2
Cooper Cos	273	15.8	P-D	81	34.9	75.4
Automatic Data	274	15.6	22.8	288	16.0	11.2
TBC Corp	275	15.6	48.8	722	5.8	11.1
Anheuser-Busch Cos	276	15.6	20.2	460	11.3	7.8
Strawbridge	277	15.4	10.9	467	11.2	11.9
Cardinal Distribution	278	15.4	126.1	87	34.1	3.6
Stanley Works	279	15.4	19.8	402	12.3	11.4
Farmers Group	280	15.4	24.6	403	12.3	6.2
Rohm & Haas	281	15.3	23.4	824	3.6	15.5
Alco Health Services	282	15.3[c]	11.5	120	28.4	18.8
MNC Financial	283	15.3	18.3	381	12.9	26.3
Kemper	284	15.3	-22.1	352	13.7	6.8
Westvaco	285	15.2	37.8	729	5.6	12.1
Capital Cities/ABC	286	15.2	47.3	45	52.0	15.3
Coca-Cola	287	15.1	-0.4	747	5.3	6.2
Rite Aid	288	15.1	-24.3	362	13.5	31.2
Skyline	289	15.0	8.9	857	2.6	6.2
United Jersey Banks	290	15.0	8.0	529	9.8	30.8
Newell Co	291	14.8	54.3	123	28.1	76.0
Shoney's	292	14.8	15.0	281	16.3	5.2
Computer Sciences	293	14.8	26.6	451	11.4	8.3
Barnett Banks	294	14.7	21.3	153	23.7	17.9
Loctite	295	14.7	35.6	596	8.4	18.9
Winnebago Industries	296	14.6	-85.9	189	20.3	4.6
Figgie Intl	297	14.6	30.2	577	8.7	16.6
Harsco	298	14.6	20.1	726	5.6	17.8
SouthTrust	299	14.5	9.7	383	12.9	23.4
General Host	300	14.3	P-D	1009	-4.0	-25.9
Lincoln National	301	14.3	-58.9	299	15.7	1.3
Fuqua Industries	302	14.3	147.9	844	3.1	20.6
General Motors	303	14.2	35.5	463	11.3	6.8
Commerce Clearing	304	14.1	4.5	540	9.7	9.0
McDonald's	305	14.1	18.5	425	12.0	15.6
First Federal Mich	306	14.0[d]	-74.6	201	19.8	-8.0
Rorer Group	307	14.0	132.1	264	16.9	8.9
Jefferson-Pilot	308	13.9	-44.3	808	4.0	5.4
Highland Superstores	309	13.8	-54.2	83	34.9	19.0
United Stationers	310	13.8	51.5	139	25.4	17.3
Clorox	311	13.8	16.6	731	5.6	13.3
SunTrust Banks	312	13.8	17.8	379	13.0	11.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share rank	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
Potomac Electric	313	13.7%	–2.8%	784	4.5%	–0.7%
Houston Industries	314	13.6	–8.2	971	–1.9	0.2
WW Grainger	315	13.6	26.8	517	10.0	16.4
Banc One	316	13.6	42.6	365	13.4	33.0
Albertson's	317	13.6	38.0	612	8.2	13.5
Molex	318	13.5	37.0	238	18.2	30.2
Pfizer	319	13.5	11.4	672	6.9	10.1
Noland	320	13.4	–5.9	395	12.5	7.6
Ohio Casualty	321	13.4	–33.8	388	12.8	0.9
BayBanks	322	13.4	16.8	407	12.3	19.3
Pall	323	13.3	18.3	321	14.8	11.4
NCR	324	13.2	28.0	542	9.6	11.3
Hillenbrand Inds	325	13.2	31.0	371	13.2	20.0
Bristol-Myers	326	13.1	16.7	615	8.1	11.6
Society	327	13.0	10.2	255	17.2	8.5
Sovran Financial	328	12.9	10.0	334	14.4	18.0
Ryder System	329	12.9	–30.3	259	17.1	11.8
HJ Heinz	330	12.8	17.1	776	4.8	11.9
K mart	331	12.8	9.5	568	8.8	6.1
Dun & Bradstreet	332	12.8	2.6	187	20.3	23.3
American Water	333	12.8	–0.5	619	8.0	5.0
H&R Block	334	12.7	17.8	195	20.0	13.2
American Cyanamid	335	12.7	15.6	843	3.1	10.4
Walgreen	336	12.7	25.0	293	15.9	14.1
May Dept Stores	337	12.7	18.1	578	8.6	–0.3
Hubbell	338	12.7	15.5	632	7.7	5.2
Cincinnati Bell	339	12.7	41.6	602	8.3	21.7
Melville	340	12.6	20.7	428	11.9	15.2
James River Corp Va	341	12.6	22.0	88	33.9	15.6
Archer-Daniels	342	12.6	28.9	590	8.4	19.9
Mercantile Stores	343	12.6	9.1	594	8.4	5.1
Citizens & Southern	344	12.6	32.4	346	14.0	12.6
First Wachovia	345	12.5	15.6	604	8.3	11.7
CPC International	346	12.5	–14.5	821	3.6	–9.1
Lockheed	347	12.5	78.2	302	15.5	–1.4
Borden	348	12.5	17.4	600	8.4	16.4
Goodyear	349	12.5	–7.8	901	1.1	10.0
Ball Corp	350	12.5	–12.0	804	4.1	–3.3
Big Bear	351	12.3	21.0	699	6.3	6.8
Seagram	352	12.3	28.7	550	9.3	24.2
Atlanta Gas Light	353	12.3	10.3	953	–0.7	–0.8
Thomas & Betts	354	12.3	24.0	518	10.0	22.1
EI du Pont de Nemours	355	12.2	27.3	932	0.0	11.0
NBD Bancorp	356	12.2	34.5	606	8.3	11.1
Ogilvy Group	357	12.2	14.1	246	17.7	19.5
Hughes Supply	358	12.1	30.3	265	16.9	29.7
Gannett	359	12.1	16.9	295	15.8	7.2
Cooper Industries	360	12.1	21.9	378	13.0	19.1
Giant Food	361	12.1	70.7	613	8.1	7.3
Raytheon	362	12.0	23.4	675	6.9	7.3
Tambrands	363	11.9	13.7	384	12.9	7.8
Dean Foods	364	11.9	9.2	340	14.2	9.6
Florida Progress	365	11.9	–9.5	480	10.8	7.2
United Brands	366	11.9[d]	30.2	963	–1.2	6.4
Parker-Hannifin	367	11.9	15.6	396	12.4	20.0
State Street Boston	368	11.9	9.5	476	10.9	20.2
Sara Lee	369	11.8	22.0	605	8.3	14.5
Hawaiian Electric	370	11.7	–8.6	978	–2.2	16.8
Eaton	371	11.6[d]	8.1	673	6.9	1.2
Kimberly-Clark	372	11.6	31.4	503	10.4	10.8
Witco	373	11.5	–4.5	904	1.0	13.4
Weis Markets	374	11.4	11.1	674	6.9	2.8
Lomas Financial	375	11.4	P-D	99	32.0	59.9
Geo A Hormel	376	11.4	4.7	510	10.3	7.9
RJR Nabisco	377	11.3	17.4	385	12.9	5.2
CoreStates Financial	378	11.2	14.9	361	13.5	9.7
VF	379	11.0	8.2	182	20.8	5.2

Company	Earnings per share rank	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
Wetterau	380	10.9%	13.8%	386	12.8%	17.8%
Detroit Edison	381	10.9	–42.2	684	6.6	4.9
Flowers Industries	382	10.7	53.0	473	11.0	–6.4
Ramada	383	10.7[d]	–84.6	716	6.1	-27.8
Sysco	384	10.6	48.2	275	16.5	28.2
American Continental	385	10.6	123.7	149	24.1	–4.8
Knight-Ridder	386	10.6	10.2	562	9.1	0.2
Jostens	387	10.5	91.2	495	10.5	–3.4
Universal	388	10.5	2.9	610	8.2	15.7
Old Republic Intl	389	10.5	–0.7	110	30.3	–6.9
Millipore	390	10.5	20.8	336	14.3	21.3
Boeing	391	10.4	11.4	399	12.4	6.0
Child World	392	10.4[c]	–7.1	180	21.1	15.2
Valhi	393	10.3[d]	–56.3	101	31.8	125.7
Campbell Soup	394	10.2	–1.8	561	9.1	8.4
Baltimore G&E	395	10.2	2.3	852	2.8	–2.5
Laclede Gas	396	10.2	9.0	1031	–5.6	8.2
Puget Sound P&L	397	10.1	4.9	533	9.8	7.4
Owens-Corning	398	10.1	–12.5	728	5.6	–7.6
KeyCorp	399	10.1	–15.5	105	31.0	23.0
GM Hughes Electron	400	10.1[c]	20.0	214	19.5	3.8
Hershey Foods	401	10.1	44.4	566	8.9	–9.3
Marshall & Ilsley	402	10.0	15.5	368	13.3	14.8
Provident Life & Acc	403	10.0	–49.4	218	19.3	12.3
Centex	404	10.0	9.4	588	8.5	23.0
Eli Lilly	405	10.0	14.0	766	5.0	6.0
Raychem	406	9.9	40.9	441	11.6	14.0
Transamerica	407	9.8	–17.3	516	10.0	14.2
NCH Corp	408	9.7	49.2	786	4.5	15.5
Columbia Pictures	409	9.7	P-D	188	20.3	16.0
Lincoln Electric	410	9.7	71.1	807	4.0	22.7
AmSouth Bancorp	411	9.6	–17.1	469	11.2	27.7
Bancorp Hawaii	412	9.5	39.4	643	7.4	17.6
American Home Prod	413	9.5	11.1	886	1.6	8.1
American General	414	9.5	–27.4	271	16.6	–13.2
Gt Northern Nekoosa	415	9.4	70.9	449	11.5	46.1
Lowe's Cos	416	9.4	3.4	237	18.4	2.7
Comerica	417	9.3	69.4	767	5.0	9.2
American Natl Ins	418	9.3	–57.7	798	4.2	9.3
Atlantic Energy	419	9.2	9.4	676	6.8	3.4
General Mills	420	9.2	118.1	737	5.5	0.3
Southwest Gas	421	9.2	16.0	778	4.7	18.9
AMP	422	9.2	34.9	464	11.3	19.0
Intl Flavors & Frags	423	9.2	22.8	497	10.5	17.6
Crane	424	9.1[c]	7.7	286	16.0[d]	–9.8
Lubrizol	425	9.1	–13.0	741	5.4	10.0
First Maryland Bncp	426	9.0	17.4	569	8.8	10.3
First American	427	9.0	–30.1	312	15.1	20.1
Premier Industrial	428	9.0	29.7	620	8.0	15.6
Foremost Corp of Am	429	9.0	–21.1	358	13.5	–8.6
Schering-Plough	430	9.0	29.7	586	8.5	9.8
Shawmut National	431	8.9	26.1	370	13.2	18.9
Square D	432	8.9	3.0	677	6.8	10.8
Edgcomb	433	8.8	97.0	37	60.1	11.4
Midlantic	434	8.8	29.1	307	15.3	17.2
MDC Holdings	435	8.8	P-D	39	58.7	–13.4
Meridian Bancorp	436	8.8	–26.3	207	19.7	38.2
SmithKline Beckman	437	8.7	–60.7	593	8.4	11.9
Ipalco Enterprises	438	8.7	–30.5	687	6.6	9.0
National Service	439	8.7	13.6	557	9.2	6.6
Consol Freightways	440	8.7	24.2	335	14.3	16.3
General Cinema	441	8.5	–10.5	846	3.1	96.5
Nash Finch	442	8.5	27.0	450	11.4	5.4
Freeport-McMoRan	443	8.4	37.8	548	9.4[d]	26.6
Ames Dept Stores	444	8.4	71.9	64	40.4	11.9
Dominion Resources	445	8.4	–3.9	704	6.3	–0.9
US Bancorp	446	8.3	–1.1	515	10.1	27.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Pillsbury	447	8.2%	-62.9%	355	13.6%	0.3%
Echlin	448	8.1	27.3	257	17.2	17.7
Durr-Fillauer	449	8.1	-16.0	175	21.7	9.8
Genuine Parts	450	8.1	27.2	730	5.6	12.9
Dexter	451	8.1	-6.8	649	7.3	10.7
Ohio Mattress	452	8.0	42.3	48	50.4	26.6
Hewlett-Packard	453	8.0	34.4	350	13.8	21.5
Collins Foods Intl	454	8.0	8.6	354	13.7	4.9
Minnesota Power & Lt	455	8.0	-14.0	853	2.7	3.8
Super Valu Stores	456	8.0	22.4	363	13.4	5.6
UtiliCorp United	457	8.0	11.3	118	28.8	16.4
Barnes Group	458	7.9^{c}	25.3	926	0.1	9.8
Hilton Hotels	459	7.8	47.0	732	5.6	11.5
Medtronic	460	7.8	27.6	723	5.7	34.5
Standard Shares	461	7.8	-34.5	564	9.0	16.7
Bell Atlantic	462	7.8^{c}	6.3	589	8.5^{c}	0.0
Sears, Roebuck	463	7.8	-10.9	558	9.2	10.9
Nynex	464	7.8^{c}	5.5	587	8.5^{c}	4.9
Ameritech	465	7.6^{c}	13.0	790	4.5^{c}	4.1
McGraw-Hill	466	7.6	20.1	636	7.6	6.5
Tyco Laboratories	467	7.6	157.5	377	13.0	53.7
PNC Financial	468	7.4	0.2	297	15.7	64.7
TECO Energy	469	7.4	0.0	500	10.5	7.0
Minn Mining & Mfg	470	7.3	24.3	659	7.1	13.2
Prime Computer	471	7.3	-13.7	248	17.6	54.7
Exxon	472	7.3	20.1	1028	-5.4	10.3
Florida Natl Banks	473	7.2	54.3	314	15.0	13.8
JC Penney	474	7.2	17.3	709	6.2	-2.9
Moore Corp	475	7.0	40.0	787	4.5	13.0
Tecumseh Products	476	7.0	8.8	781	4.6	20.0
Longs Drug Stores	477	7.0	34.7	535	9.7	9.4
Alltel	478	7.0	89.6	706	6.2	12.0
Scana	479	7.0	-13.8	774	4.9	-5.4
Emerson Electric	480	7.0	15.5	415	12.1	7.8
Uslico	481	7.0	-0.6	77	35.8	-4.8
Wisconsin Energy	482	7.0	21.2	918	0.6	8.6
E-Systems	483	6.9	24.7	493	10.5	12.7
Central & So West	484	6.9	0.0	931	0.0	3.7
Tucson Electric	485	6.9	3.3	682	6.7	19.0
Brunswick	486	6.9	30.4	194	20.0	20.6
NCNB	487	6.8	-2.9	223	19.1	16.6
BellSouth	488	6.8^{c}	2.9	575	8.7^{c}	9.0
Peoples Energy	489	6.8	39.2	1006	-3.8	-4.9
So N England Telecom	490	6.7	8.4	702	6.3	7.6
Mapco	491	6.7	76.3	1023	-5.2	17.8
Continental Corp	492	6.7	-70.9	438	11.7	-2.1
Louisville G&E	493	6.7	7.4	875	2.1	0.4
National City	494	6.6^{d}	17.4	253	17.3	10.8
Fleet/Norstar Finl	495	6.5	-7.2	227	18.9	13.0
Meredith	496	6.4	1.9	718	5.9	19.9
Ametek	497	6.4	-13.6	627	7.8	-6.6
Piedmont Natural Gas	498	6.4	29.6	721	5.8	-5.1
Std Commercial	499	6.3	-19.3	465	11.3	21.5
EG&G	500	6.2	14.7	571	8.8	8.8
Zenith National Ins	501	6.2	10.4	71	37.9	8.4
AG Edwards	502	6.2	-46.3	331	14.5	-9.9
American Stores	503	6.0	-6.0	303	15.5	9.4
Merrill Lynch	504	5.9	-67.8	263	16.9	-5.7
Johnson & Johnson	505	5.8	25.5	696	6.4	14.2
USAir Group	506	5.7	-36.9	296	15.7	126.8
Duke Power	507	5.7	4.8	483	10.8	0.8
First Tennessee Natl	508	5.7	-13.7	650	7.3	8.0
Wicor	509	5.6	60.0	929	0.1	7.7
FPL Group	510	5.6	9.2	611	8.2	9.8
New England Electric	511	5.5	P-D	849	2.8	2.6
General Development	512	5.4	-29.6	410	12.2	14.2
Whirlpool	513	5.4	-15.4	369	13.3	4.5
Trustcorp	514	5.4%	33.6%	129	26.8%	27.0%
Union Camp	515	5.3	50.8	630	7.7	15.8
McDonnell Douglas	516	5.3	-0.8	360	13.5	5.3
Central Steel & Wire	517	5.2	151.9	665	7.0	22.8
McKesson	518	5.2	8.3	349	13.8	3.4
Rose's Stores	519	5.2	-53.8	333	14.4	5.1
Marshall Industries	520	5.2^{d}	134.0	193	20.1	51.4
Guilford Mills	521	5.1	14.0	276	16.5	7.2
Kansas Power & Light	522	5.0	0.0	277	16.5	2.9
Commercial Metals	523	5.0	150.0	995	-3.1	29.4
Huntington Bcshs	524	4.9	15.0	481	10.8	14.1
Standex International	525	4.9	-15.4	876	2.0	4.7
Dover	526	4.9	39.0	523	9.9	23.6
Carolina Power & Lt	527	4.9	-41.4	692	6.5	7.8
Rohr Industries	528	4.9	20.9	845	3.1	36.7
Wisconsin Public Svc	529	4.8	9.1	949	-0.6	3.2
Dayton Hudson	530	4.8	-15.7	394	12.5	16.5
Washington Gas Light	531	4.8	17.2	961	-1.2	-4.2
Midwest Energy	532	4.8	32.0	552	9.3	5.3
Southwestern Bell	533	4.7^{c}	-2.1	839	3.2^{c}	7.1
Commerce Bcshs	534	4.7	25.5	698	6.4	2.8
Coastal Corp	535	4.6	-23.7	759	5.0	13.2
American Brands	536	4.5	38.4	772	4.9	17.2
Ohio Edison	537	4.4	27.7	779	4.6	13.5
Airborne Freight	538	4.3	-38.0	274	16.6	20.2
US West	539	4.3^{c}	20.1	753	5.2^{c}	5.4
No States Power	540	4.3	0.6	870	2.3	10.7
Cooper Tire & Rubber	541	4.2	24.4	595	8.4	15.1
Jerrico	542	4.2	-22.7	667	7.0	6.8
Ruddick	543	4.2	26.0	327	14.6	13.6
Crestar Financial	544	4.1	17.6	382	12.9	10.2
American Electric	545	4.1	-1.7	851	2.8	-2.0
Centel	546	4.1	36.9	801	4.1	-9.8
General Electric	547	4.1	19.8	601	8.3	-2.5
Interco	548	4.1	7.5	830	3.5	-1.5
Commonwealth Ed	549	4.0	-28.3	707	6.2	-3.9
PHH Corp	550	3.9	-45.2	177	21.4	18.6
Brown-Forman	551	3.9	18.3	326	14.6	-3.8
Baxter International	552	3.9	25.0	89	33.6	11.2
Avery International	553	3.9	-16.5	338	14.2	10.3
Southmark	554	3.9	P-D	50	47.0^{c}	36.1
Nalco Chemical	555	3.9	35.1	765	5.0	20.3
Morton Thiokol	556	3.9	9.5	279	16.4	18.2
Consolidated Rail	557	3.8	11.5	967	-1.5	7.1
Pentair	558	3.8	153.9	159	23.3	1.9
Texas Utilities	559	3.7	-7.3	780	4.6	1.7
Allegheny Power	560	3.6	-5.8	877	1.9	16.7
Travelers	561	3.5	P-D	556	9.2	4.0
National Fuel Gas	562	3.5	10.7	1029	-5.5	4.3
Delmarva Power & Lt	563	3.4	-11.1	861	2.5	11.1
Petrie Stores	564	3.4	-44.5	226	18.9	-5.3
Shaklee	565	3.3	32.0	940	-0.2	24.9
Consolidated Edison	566	3.2	-3.5	946	-0.5	0.0
Super Rite Foods	567	3.2	70.9	151	23.9	10.4
SCEcorp	568	3.2	27.3	748	5.3	13.2
WPL Holdings	569	3.2	8.1	895	1.3	5.3
Johnson Controls	570	3.1	28.6	224	19.0	15.8
Curtice Burns Foods	571	3.1	45.6	735	5.6	7.2
Illinois Power	572	3.0	-47.9	923	0.5	6.9
ITT	573	2.8	44.7	993	-3.0	11.2
Boatmen's Bancshares	574	2.8	-1.0	96	32.7	3.8
Tyler	575	2.7	105.9	836	3.3	-25.9
Commonwealth En	576	2.7	-4.0	909	0.9	3.6
Orange & Rockland	577	2.7	10.9	969	-1.8	2.8
Southwestern Pub Svc	578	2.6	14.7	761	5.0	2.9
Kentucky Utilities	579	2.6	24.1	850	2.8	-0.3
Mobil	580	2.5	14.5	1007	-3.9	6.5

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Pacific Telesis	581	2.4%[c]	6.6%	746	5.3%[c]	6.4%
Alco Standard	582	2.3	28.7	626	7.8	5.5
Bank of New England	583	2.1	18.1	235	18.6	24.5
Zurn Industries	584	2.0	9.8	859	2.6	1.0
Public Service Colo	585	1.9	–4.4	917	0.7	1.7
Constar Intl	586	1.8[d]	21.9	908	0.9	31.0
Carolina Freight	587	1.7	–49.2	251	17.3	6.9
Pioneer Hi-Bred Intl	588	1.6	14.8	440	11.7	4.2
Dennison Mfg	589	1.6	–6.5	809	3.8	–1.2
First Executive	590	1.6	9.7	167	22.3	–15.4
Xerox	591	1.4	22.8	492	10.5	14.3
Coleman	592	1.3	36.2	494	10.5	12.1
Winn-Dixie Stores	593	1.3	7.9	740	5.4	2.5
Consol Natural Gas	594	1.2	16.4	1045	–6.9	1.8
Indiana National	595	1.2	39.1	459	11.3	11.7
Independent Insurance	596	1.2	–15.5	819	3.6	7.8
Jamesway	597	1.2	–53.6	310	15.2	13.8
IBM	598	1.1	16.5	555	9.2	6.8
San Diego G&E	599	1.1	51.9	768	5.0	16.7
Universal Foods	600	1.1	19.1	658	7.1	1.6
PacifiCorp	601	0.9	6.8	563	9.0	2.5
Union Electric	602	0.8	–13.6	541	9.7	4.8
Tandy	603	0.8	20.9	526	9.9	9.7
SPX	604	0.6	–7.7	278	16.4	16.5
Shearson Lehman	605	0.4	NA	70	38.2	50.1
Bank of New York	606	0.4	106.0	642	7.4	14.3
Rochester Telephone	607	0.4	–1.4	458	11.3	8.0
Bergen Brunswig	608	0.3	117.6	131	26.5	3.3
First Boston	609	0.2	–21.1	168	22.2	7.2
Rykoff-Sexton	610	0.2	41.3	102	31.6	8.4
Oklahoma G&E	611	0.2	33.6	831	3.5	0.4
RLC	612	0.1	253.8	579	8.6	–37.7
Chevron	613	0.0	–12.5	1021	–5.0	5.6
Carter Hawley Hale	614	0.0	D-P	860	2.6	–4.6
InterTAN	614	0.0	NA	710	6.2	19.4
Springs Industries	615	–0.2	–16.8	320	14.8	11.5
Morrison	616	–0.3	35.3	546	9.5	15.5
Centerior Energy	617	–0.4	–27.7	802	4.1	–0.7
Pennsylvania P&L	618	–0.5	12.7	344	14.1	6.5
Intl Multifoods	619	–0.5	–40.9	565	9.0	18.7
Northeast Utilities	620	–0.5	–17.8	887	1.5	8.6
Iowa-Illinois G&E	621	–0.5	–8.1	922	0.5	–0.5
National Western Life	622	–0.5	–29.9	82	34.9	–3.7
McCormick & Co	623	–0.6	5.0	570	8.8	10.6
CILcorp	624	–0.8	–31.4	982	–2.4	–2.2
Southern Company	625	–0.8	7.8	635	7.6	3.4
Iowa Resources	626	–1.0	–25.1	1025	–5.2	–2.8
Pinnacle West	627	–1.0	–30.4	773	4.9	8.2
Seaway Food Town	628	–1.0	312.6	960	–1.1	–2.1
Central Ill Pub Svc	629	–1.0	24.3	966	–1.3	1.4
Pub Svc Enterprise	630	–1.1	46.8	365	2.4	–0.1
Duquesne Light	631	–1.2	26.1	814	3.7	12.7
Motorola	632	–1.2	56.5	455	11.4	21.8
Adolph Coors	633	–1.3	–0.8	634	7.6	9.6
Holly Corp	634	–1.3	500.0+	1071	–10.7	36.8
Brooklyn Union Gas	635	–1.4	2.5	894	1.3	–2.7
Tele-Communications	636	–1.4	–90.6	72	37.4	50.7
IE Industries	637	–1.8	6.3	933	0.0	2.1
DeSoto	638	–1.9	–72.6	813	3.7	–1.0
Hartmarx	639	–1.9	13.1	796	4.3	9.0
Fleming Cos	640	–2.1	–16.2	239	18.1	11.3
Cincinnati G&E	641	–2.1	–39.6	897	1.2	–0.9
Bowater	642	–2.1	120.1	616	8.1	22.4
West Point-Pepperell	643	–2.2	29.4	534	9.8	26.3
CrossLand Savings FSB	644	–2.3[c]	–18.0	461	11.3	32.4
Delchamps	645	–2.7	40.8	559	9.2	8.0
Signet Banking	646	–2.7	364.3	419	12.1	23.9
Bindley Western Inds	647	–2.8%	–65.8%	243	17.8%	26.3%
Engelhard	648	–3.1	–24.1	834	3.4	–2.8
Utah Power & Light	649	–3.1	67.7	775	4.8	3.4
MCA	650	–3.1	–15.6	421	12.1	6.8
Media General	651	–3.1	115.5	530	9.8	6.8
Equitable Resources	652	–3.1	–3.3	950	–0.7	–4.0
Occidental Petroleum	653	–3.2	90.3	991	–2.9	9.8
Eastman Kodak	654	–3.8	98.2	799	4.1	25.1
Harris Corp	655	–3.9	–18.6	655	7.1	–3.5
Humana	656	–4.1	23.7	366	13.4	21.3
DPL	657	–4.4	–25.2	913	0.8	6.0
Southeast Banking	658	–4.5	500.0+	683	6.6	11.6
Brown Group	659	–4.9	0.8	879	1.7	13.2
Briggs & Stratton	660	–5.0	21.3	760	5.0	18.6
Bassett Furniture Ind	661	–5.0	–20.4	505	10.4	0.3
PaineWebber Group	662	–5.0	–65.0	262	17.0	–4.7
Gulf States Utils	663	–5.1	–47.6	873	2.1	3.8
American Greetings	664	–5.2	–34.3	508	10.3	7.5
Sun Company	665	–5.3	–96.4	1079	–11.5	7.7
Carlisle Cos	666	–5.4	27.7	711	6.2	7.4
American President	667	–5.7	5.2	157	23.4	15.5
Alaska Air Group	668	–5.8	110.4	163	23.0	20.0
Arkla	669	–5.9	–11.3	1008	–3.9	60.5
Scotty's	670	–6.2	–60.0	482	10.8	6.7
American Tel & Tel	671	–6.3[c]	500.0+	925	0.1[c]	2.8
AMR	672	–6.8[d]	72.5	486	10.7	22.4
Diebold	673	–6.9	0.8	951	–0.7	5.3
Public Service NM	674	–7.0	P-D	343	14.1	11.5
Montana Power	675	–7.1	30.0	656	7.1	10.8
Pacific G&E	676	–7.3	–4.0	864	2.5	2.1
National Medical	677	–7.3	124.4	209	19.6	12.9
Middle South Utils	678	–7.4	–26.3	797	4.2	–0.1
Philadelphia Elec	679	–7.6	5.6	795	4.3	0.0
Long Island Lighting	680	–7.7	91.0	792	4.4	4.4
Centerre Bancorp	681	–7.8	35.8	996	–3.2	4.3
Outboard Marine	682	–8.3	46.1	553	9.3	24.5
First Bank System	683	–8.4	160.7	645	7.4	–2.0
Kroger	684	–8.4	62.6	660	7.1	6.7
Roadway Services	685	–8.6	16.0	485	10.7	12.6
Amoco	686	–8.8	78.8	1052	–7.9	9.0
NIKE	687	–8.9	200.0	743	5.4	58.5
Southwest Airlines	688	–9.1	155.6	220	19.1	6.4
Greyhound	689	–9.2	–84.0	1049	–7.6	31.1
Sundstrand	690	–9.4	P-D	519	10.0	3.6
Tektronix	691	–9.4	P-D	823	3.6	1.6
Fay's Drug	692	–9.7	79.0	367	13.3	10.3
General Signal	693	–9.8	–60.3	936	–0.1	10.5
Norfolk Southern	694	–10.3	357.3	736	5.5	7.4
Gillette	695	–10.4	348.1	639	7.5	12.6
Federal-Mogul	696	–10.7	500.0+	633	7.6	14.6
Savannah Foods	697	–10.8	6.8	374	13.1	10.7
Lancaster Colony	698	–11.0	13.4	747	5.3	6.6
Litton Industries	699	–11.0	22.7	973	–2.0	10.1
American Building	700	–11.3	58.1	406	12.3	9.9
Salomon	701	–11.5	–23.0	197	20.0	–11.5
Pacific Enterprises	702	–11.8	–1.8	791	4.4	9.4
Questar	703	–11.8	–62.1	964	–1.3	2.1
Chicago Pacific	704	–11.9	173.0	27	70.1	19.8
EW Scripps	705	–12.0[d]	NA	456	11.4[d]	NA
Univar	706	–12.1	134.7	266	16.9	23.8
Gerber Products	707	–13.0	93.4	751	5.2	7.1
Colgate-Palmolive	708	–13.4	415.4	874	2.1	–8.2
Central Maine Power	709	–14.0	69.7	666	7.0	12.6
Oxford Industries	710	–14.4	P-D	817	3.7	1.9
El Paso Electric	711	–14.6	–24.5	614	8.1	18.6
Procter & Gamble	712	–14.8	165.1	652	7.2	15.2
US Shoe	713	–15.1	–60.4	470	11.2	4.6

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
First Fidelity Bncp	714	–15.1%[d]	–4.0%	416	12.1%	16.0%
Bearings	715	–15.3	143.8	641	7.4	12.6
PSI Holdings	716	–15.3	15.7	717	5.9	–0.7
United Artists	717	–16.2	500.0+	250	17.5	28.9
Alexander's	718	–16.4	P-D	919	0.6	0.4
Contel	719	–16.6	–37.5	484	10.8	5.0
Manufacturers Natl	720	–16.7	–9.7	727	5.6	17.4
Oneok	721	–17.3	11.0	1083	–11.9	–2.7
Wells Fargo	722	–17.8	D-P	646	7.4	7.3
JP Morgan & Co	723	–18.2	500.0+	900	1.2	12.5
Air Prods & Chems	724	–18.4	37.8	697	6.4	13.9
NY State E&G	725	–18.6	D-P	618	8.0	–0.7
Dollar General	726	–18.7	28.0	287	16.0	–0.1
United Technologies	727	–19.1	300.8	811	3.7	4.0
Republic New York	728	–19.4	235.2	631	7.7	28.4
PHM Corp	729	–20.2	–87.9	439	11.7	–7.4
First Security	730	–20.5	151.0	943	–0.3	–3.0
Rochester G&E	731	–20.8	4.6	914	0.8	2.7
Wickes Cos	732	–21.5[d]	–94.1	591	8.4	–18.5
Avnet	733	–21.7	79.0	700	6.3	15.5
Unocal	734	–21.7	P-D	1026	–5.3	8.6
Bell Industries	735	–21.9	190.1	475	10.9	12.9
Blount	736	–22.7	–30.9	454	11.4	12.5
KN Energy	737	–22.9	500.0+	1060	–9.1	10.0
Portland General	738	–23.5	500.0+	668	7.0	–0.9
Church's Fried	739	–23.9	–56.0	948	–0.6	–2.2
Carpenter Technology	740	–29.2	426.7	872	2.2	21.8
Grow Group	741	–29.6	D-D	289	16.0	–18.6
CityFed Financial	742	–30.0	D-D	300	15.6	–12.2
Amoskeag	743	–30.2	P-D	205	19.7	9.1
Guy F Atkinson	744	–32.2	P-D	1004	–3.6	–1.5
Bank of Boston	745	–33.5	51.6	545	9.6	20.3
Riggs National	746	–34.6	79.3	815	3.7	15.8
Preston	747	–35.7	P-Z	258	17.2	21.2
Pennzoil	748	–36.3[d]	P-D	1030	–5.6	23.7
Foster Wheeler	749	–37.3	–71.8	1035	–5.8	–13.0
Mitchell Energy	750	–38.5	–66.7	1074	–11.2	3.8
Phillips Petroleum	751	–39.7	D-P	1057	–8.7	11.7
Universal Health	752	–40.3	P-Z	164	23.0	8.5
Texas Eastern	753	–42.7	76.2	1058	–8.9	–8.3
Niagara Mohawk Pow	754	–43.3	1.0	891	1.3	6.4
Bankers Trust NY	755	–51.2	D-P	769	4.9	17.1
Security Pacific	756	–55.0	116.9	471	11.1	13.1
AM International	757	–57.2[c]	P-D	442	11.6	–29.4
CenTrust Savings	758	–79.5[c]	D-P	108	30.7	28.0
Advanced Micro		NM	D-P	332	14.4	22.3
ADVO-System		NM	P-D	76	36.1	13.2
Alcan Aluminium		NM	148.3	670	7.0	27.5
Alexander & Alex		NM	2.1	576	8.7	1.7
Alleghany		NM	NA	13	132.7[d]	1.9
Allegheny Intl		NM	D-D	1097	–19.1	–20.8
Allen Group		NM	D-D	833	3.4	1.3
Allied Products		NM	P-D	202	19.8	12.8
Allied-Signal		NM	–13.3	531	9.8	5.9
Alcoa		NM	197.3	882	1.7	26.6
AMAX		NM	38.2	956	–0.8	33.3
Amerada Hess		NM	P-D	1090	–13.7	–2.3
America West Airlines		NM	D-D	33	64.0[c]	43.5
American Bankers		NM	D-P	154	23.6	18.7
American Capital		NM	P-D	44	52.9[c]	12.6
American Carriers		NM	P-D	608	8.3	50.2
American Hoist		NM	D-P	1032	–5.7	3.1
American Maize		NM	–37.2	506	10.3	7.6
American Medical		NM	–4.0	212	19.6	15.1
American Petrofina		NM	50.5	889	1.4	13.7
AmeriFirst Bank		NM	P-D	924	0.4	4.9
AmeriTrust		NM	500.0+	544	9.6	11.8
Ampco-Pittsburgh		NM	D-D	866	2.4%	–19.7%
Apollo Computer		NM	–43.5%	17	88.3	23.6
Armco		NM	–63.6	1086	–12.4	13.4
Arrow Electronics		NM	D-D	838	3.3	64.7
Asarco		NM	39.1	999	–3.3	54.1
Ashland Oil		NM	54.1	1016	–4.7	19.3
Atlantic Financial		NM	D-P	121	28.2	14.9
Atlantic Richfield		NM	62.9	1075	–11.2	12.6
Avon Products		NM	P-D	979	–2.2	8.2
Baker Hughes		NM	D-P	1072	–10.9	20.4
Balfour MacLaine		NM	P-D	477	10.9	55.9
Bally Manufacturing		NM	–34.6	653	7.2	14.7
BankAmerica		NM	D-P	1037	–6.3	–5.4
Bear Stearns Cos		NM	NA	113	29.4	NA
Beneficial Corp		NM	D-P	1065	–9.8	2.0
Benj Franklin S&L		NM	NA	829	3.5[d]	11.8
WR Berkley		NM	13.7	103	31.3	3.1
Bethlehem Steel		NM	92.3	992	–3.0	20.8
Beverly Enterprises		NM	D-D	179	21.2	–5.3
Black & Decker		NM	73.7	426	12.0	17.9
BMA Corp		NM	–75.4	617	8.1	15.1
Borman's		NM	P-D	910	0.9	–4.8
Budget Rent a Car		NM	NA	125	27.8	23.9
Burlington Northern		NM	–65.1	490	10.6	–19.8
Businessland		NM	88.9	5	163.1[d]	48.1
Butler Manufacturing		NM	153.8	507	10.3	4.6
Cabot		NM	59.9	1003	–3.6	17.7
Caesars World		NM	72.4	694	6.4	4.0
Cameron Iron Works		NM	D-D	1095	–14.7	17.0
Carson Pirie Scott		NM	D-P	657	7.1	27.2
Castle & Cooke		NM	278.6	911	0.9[c]	25.5
Caterpillar		NM	500.0+	708	6.2	28.2
CBI Industries		NM	215.4	397	12.4[d]	1.3
Central Hudson G&E		NM	–57.7	965	–1.3	3.0
Champion Intl		NM	14.0	816	3.7	10.1
Champion Spark Plug		NM	–24.1	928	0.1	–3.6
Charter		NM	79.4	1106	–29.4	–40.6
Chase Manhattan		NM	D-P	883	1.6	13.9
Chemical Banking		NM	D-P	825	3.6	22.7
Cigna		NM	–38.7	597	8.4	4.1
Cincinnati Milacron		NM	P-D	749	5.2	4.2
Citicorp		NM	D-D	537	9.7	13.8
Clark Equipment		NM	D-P	689	6.5	22.1
CMS Energy		NM	46.0	912	0.8	0.8
CNW		NM	21.9	826	3.5	5.9
Coachmen Industries		NM	64.7	906	1.0	10.4
Coast S&L Assoc		NM	–7.0	249	17.5	29.2
Columbia Gas System		NM	–13.9	1080	–11.6	12.8
Combustion Eng		NM	–65.0	1014	–4.5	19.8
Commercial Credit		NM	500.0+	916	0.7	–3.5
Comstock Group		NM	D-D	317	15.0	4.6
Continental Illinois		NM	D-D	1096	–14.9	8.7
Control Data		NM	D-P	939	–0.2	8.4
Copperweld		NM	500.0+	1078	–11.4	31.6
Costco Wholesale		NM	228.6	12	135.6[c]	44.9
Craig		NM	36.6	242	17.9	9.0
Cross & Trecker		NM	D-P	408	12.3	1.4
Crown Central Pet		NM	D-P	1069	–10.6	12.3
CRS Sirrine		NM	D-P	128	26.9	64.5
CSX		NM	–67.0	622	7.9	2.1
Cummins Engine		NM	P-D	453	11.4	20.5
CVN Cos		NM	D-P	43	53.6	253.0
Cyprus Minerals		NM	441.8	680	6.7	50.7
Dairy Mart		NM	D-P	21	73.3	6.4
Dallas Corp		NM	240.9	432	11.9	4.5
Data General		NM	D-D	474	10.9	7.1
Datapoint		NM	D-D	1082	–11.9	6.0

D-D: Deficit to deficit D-P: Deficit to profit. P-D: Profit to deficit P-Z: Profit to zero. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Deere		NM	D-P	989	–2.8%	43.1%
Delta Air Lines		NM	22.6%	624	7.9	22.5
Delta Woodside Inds		NM	11.3	79	35.2	16.0
Di Giorgio		NM	D-P	896	1.3	2.2
Diamond Shamrock		NM	–33.3	1054	–8.1[d]	10.7
Dibrell Brothers		NM	D-P	1011	–4.2	64.0
Dime Savings Bank		NM	NA	514	10.1	22.1
Diversified Energies		NM	34.0	980	–2.2	13.4
Dravo		NM	D-D	1099	–20.7	–28.1
Dresser Industries		NM	D-P	1000	–3.3	21.6
DWG		NM	44.6	69	38.5	–1.0
Eagle-Picher Inds		NM	7.3	756	5.2	14.3
Eastern Gas & Fuel		NM	223.4	1063	–9.4	–13.5
Edison Bros Stores		NM	P-D	752	5.2	–0.8
Emerson Radio		NM	D-D	42	54.0	–12.7
Emery Air Freight		NM	D-D	339	14.2	19.4
Emhart		NM	18.9	651	7.2	13.9
Empire of America		NM	D-D	284	16.1	8.0
Enron		NM	–84.7	520	10.0	–5.2
Enserch		NM	P-D	1039	–6.4	0.6
Fairchild Industries		NM	D-P	1093	–14.4	5.3
Federal Express		NM	D-P	91	33.3	20.5
Federal Natl Mortgage		NM	265.1	662	7.1	8.5
Fieldcrest Cannon		NM	P-D	161	23.1	0.3
Fin Cp Santa Barbara		NM	–68.9	292	15.9	4.9
Fireman's Fund		NM	–23.5	742	5.4	–11.2
First Chicago		NM	D-P	927	0.1	18.7
First Interstate Bncp		NM	D-D	841	3.2	11.4
First Pennsylvania		NM	D-P	985	–2.6	9.1
First Wisconsin		NM	D-P	757	5.2	12.2
Fischbach		NM	D-D	974	–2.0	–21.1
Florida Federal S&L		NM	D-D	435	11.9	–8.7
Fluor		NM	D-P	1064	–9.7	2.0
LB Foster		NM	D-P	998	–3.2	–13.4
Foxboro		NM	D-D	976	–2.1	0.3
GAF		NM	10.8	764	5.0	16.7
GATX		NM	34.2	1087	–12.5	5.0
General Dynamics		NM	500.0 +	607	8.3	1.0
General Instrument		NM	D-P	920	0.6	17.1
Genesco		NM	–44.0	1053	–8.0	–4.1
Getty Petroleum		NM	246.2	38	59.6	7.7
Gibraltar Financial		NM	D-D	267	16.8	44.3
BF Goodrich		NM	120.1	1041	–6.6	13.1
Gordon Jewelry		NM	D-D	994	–3.1	0.4
WR Grace		NM	D-P	1059	–9.1	27.4
Great American Mgmt		NM	500.0 +	24	71.6	65.5
Grossman's		NM	–14.3	1018	–4.8	4.8
Grumman		NM	–75.5	414	12.1	6.5
GTE		NM	17.0	755	5.2	5.8
Gulf & Western		NM	30.4	1055	–8.2	19.7
Halliburton		NM	466.7	1091	–14.1	39.5
Handy & Harman		NM	D-P	869	2.3	10.4
MA Hanna		NM	D-P	269	16.8	273.8
Harnischfeger Inds		NM	500.0 +	199	19.9	26.3
Home Group		NM	–43.3	988	–2.8	17.8
Honeywell		NM	D-P	862	2.5	14.0
Horn & Hardart		NM	P-D	502	10.4	7.9
Hospital Corp		NM	D-P	468	11.2	–18.9
IC Industries		NM	53.0	878	1.8	–9.2
IMC Fertilizer Group		NM	353.7	975	–2.0[d]	21.3
Imperial Corp of Am		NM	–23.7	282	16.2	4.6
Inco		NM	500.0 +	644	7.4	78.7
Ingersoll-Rand		NM	39.6	892	1.3	10.3
Inland Steel Inds		NM	101.9	847	3.1	18.0
Inspiration Resources		NM	D-P	462	11.3	16.7
Integrated Resources		NM	–33.8	90	33.5	28.6
Intel		NM	429.4	430	11.9	60.9

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Intermark		NM	381.3%	100	31.9%	21.4%
Intl Minerals & Chem		NM	197.4	959	–1.0	–26.6
Irving Bank		NM	500.0 +	944	–0.4	12.2
Jacobs Engineering		NM	83.3	957	–0.9	136.5
Earle M Jorgensen		NM	D-P	770	4.9	42.4
Kansas City P&L		NM	D-P	664	7.1	4.9
Kansas City Southern		NM	D-P	738	5.5	2.4
Kansas Gas & Elec		NM	500.0 +	628	7.7	0.5
Kennametal		NM	35.7	899	1.2	20.2
Kerr Glass Mfg		NM	P-D	1089	–12.8	9.4
Kerr-McGee		NM	18.9	1051	–7.9	5.4
Lafarge		NM	41.0	739	5.5	12.6
Leslie Fay Cos		NM	39.3	305	15.4	10.5
Lone Star Industries		NM	–70.7	984	–2.6	–39.3
Lone Star Tech		NM	P-D	1067	–10.3	105.9
Lorimar Telepictures		NM	D-D	137	25.7	–15.5
Louisiana Land		NM	D-D	1061	–9.4	–1.1
LTV		NM	D-D	443	11.6	1.7
Lukens		NM	104.8	750	5.2	22.9
LVI Group		NM	P-D	16	99.7	2.0
M/A-Com		NM	D-P	1017	–4.7	–2.7
Mack Trucks		NM	–74.6	592	8.4	10.2
MAI Basic Four		NM	6.6	803	4.1	31.1
Mfrs Hanover		NM	D-P	881	1.7	8.1
Manville		NM	14.5	840	3.2	6.7
Martin Marietta		NM	70.7	625	7.8	8.6
Mattel		NM	D-D	905	1.0	–11.5
Maxicare Health		NM	D-D	26	70.6	28.8
McDermott Intl		NM	D-D	1033	–5.8	–18.3
MCI Communications		NM	D-P	112	29.6	24.1
MCorp		NM	D-D	356	13.6	–7.1
Medco Containment		NM	112.3	28	69.4	58.7
Mellon Bank		NM	D-D	640	7.5	–1.6
Mercantile Bancorp		NM	D-P	810	3.8	2.4
Meritor Financial		NM	D-D	330	14.5	–6.0
MGM/UA Commun		NM	D-D	945	–0.5	57.8
Michigan Consolidated		NM	–5.0	1040	–6.5	–4.9
Michigan National		NM	34.0	855	2.7	16.7
Monsanto		NM	54.8	827	3.5	12.2
Morgan Stanley		NM	21.0	75	36.1	19.9
Morrison-Knudsen		NM	D-D	1001	–3.5	1.5
Multimedia		NM	278.0	404	12.3	8.4
Munford		NM	D-D	782	4.5	–10.3
Murphy Oil		NM	D-D	1085	–12.4	6.5
Natl Convenience		NM	D-P	598	8.4	13.8
Natl Semiconductor		NM	D-P	525	9.9	38.1
National-Standard		NM	D-P	888	1.4	11.1
Navistar Intl		NM	500.0 +	1012	–4.2	14.5
Newmont Mining		NM	–59.9	1066	–9.9	0.2
Nicor		NM	32.3	1050	–7.8	–2.7
Nipsco Industries		NM	60.9	1010	–4.2	2.3
NL Industries		NM	D-D	1047	–7.1	1[illegible].8
Nortek		NM	P-D	63	40.6	11.1
Northeast Savings FA		NM	P-D	240	18.0	19.1
Northern Trust		NM	D-P	907	1.0	18.7
Norton		NM	D-P	941	–0.2	19.2
Norwest		NM	D-P	885	1.6	2.5
Ogden		NM	–51.9	1098	–19.9	18.1
[illegible]n		NM	43.4	952	–0.7	19.3
O[illegible]com Group		NM	45.8	532	9.8[d]	13.8
Or[illegible] Capital		NM	D-P	345	14.1	10.8
C[illegible]n Pictures		NM	–19.7	143	25.1	17.1
PACE Membership		NM	500.0 +	3	181.3[d]	51.3
Pacific Resources		NM	420.0	1062	–9.4	–1.8
Pan Am		NM	D-D	983	–2.5	15.4
Panhandle Eastern		NM	D-D	1081	–11.8	–21.9
Penn Central		NM	–31.7	1077	–11.3	–7.8

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Penn Traffic		NM	NA	777	4.7%	8.7%
Pennwalt		NM	12.9%	818	3.7	−5.4
Perini		NM	95.1	1015	−4.5	15.4
Perkin-Elmer		NM	D-P	712	6.1	−7.6
Perry Drug Stores		NM	D-D	132	26.4	−3.0
Phelps Dodge		NM	464.0	701	6.3	63.1
Pittston		NM	P-D	1056	−8.4	24.1
Pope & Talbot		NM	4.1	599	8.4	19.3
Premark Intl		NM	D-P	788	4.5	11.4
Premier Bancorp		NM	D-D	412	12.2	−13.7
PS Group		NM	23.2	890	1.3	−38.4
Public Service NH		NM	P-D	785	4.5	14.3
Quaker State		NM	D-P	962	−1.2	−5.4
Reynolds Metals		NM	87.3	720	5.8	31.4
HH Robertson		NM	D-D	1020	−5.0	−16.6
AH Robins		NM	P-D	420	12.1	11.5
Ross Stores		NM	D-P	31	64.6^{d}	8.5
St Paul Cos		NM	4.0	528	9.9	3.8
Santa Fe Southern		NM	P-D	970	−1.9	−31.4
Schlumberger		NM	D-P	1036	−5.9	17.0
Scientific-Atlanta		NM	13.3	554	9.3	−2.1
Selective Insurance		NM	3.3	538	9.7	15.4
Service Merchandise		NM	D-P	217	19.3	9.6
AO Smith		NM	−38.2	734	5.6	2.5
Smith International		NM	D-P	1101	−21.8	19.0
Sonat		NM	D-P	1084	−12.3	−6.5
Soo Line		NM	D-P	176	21.4	−4.5
Sprague Technologies		NM	D-P	902	1.1	12.2
SSMC		NM	−82.0	1043	−6.6	8.4
Standard Fedl Bank		NM	NA	41	54.5	6.3
Statesman Group		NM	−95.2	104	31.2	33.4
Stewart & Stevenson		NM	152.8	947	−0.6	42.3
Stone Container		NM	110.8	49	47.1	27.0
Storage Technology		NM	−50.0	1048	−7.5	10.6
Subaru of America		NM	P-D	301	15.6	−11.8
Talley Industries		NM	D-P	930	0.1	21.1
TCF Financial		NM	P-D	380	12.9	−0.8
Tenneco		NM	D-P	934	−0.1	−5.8
Tesoro Petroleum		NM	D-D	1092	−14.1	−14.5
Texaco		NM	P-D	1038	−6.4	7.2
Texas Air		NM	D-D	55	43.9	5.5
Texas American Bcsh		NM	D-D	921	0.5	−8.5
Texas Industries		NM	D-P	241	18.0	10.2
Texas Instruments		NM	25.9	806	4.0	13.8
Thorn Apple Valley		NM	D-P	954	−0.8	−1.7
TIE/Communications		NM	D-D	832	3.5	−1.5
Tiger International		NM	18.6	997	−3.2	13.7
Timken		NM	D-P	812	3.7	30.5
Todd Shipyards		NM	D-D	1094	−14.4	8.2
Tosco		NM	D-P	1103	−22.8	18.3
Transco Energy		NM	P-D	987	−2.8	−6.4
Triangle Industries		NM	P-D	46	51.5^{c}	500.0+
Trinity Industries		NM	408.7	703	6.3	44.2
TRW		NM	20.6	771	4.9	5.7
Turner Corp		NM	D-P	648	7.3	13.5
Turner Broadcasting		NM	D-D	98	32.3	26.0
UAL		NM	500.0+	512	10.2	3.8
UGI		NM	31.2	1068	−10.3	0.8
UNC		NM	2.8	364	13.4	−18.1
Union Carbide		NM	180.4	1044	−6.8	20.5
Union Pacific		NM	4.6	968	−1.7	16.4
Union Texas Petrol		NM	D-P	1073	−11.0	−0.9
Unisys		NM	500.0+	231	18.7	4.0
United Banks of Colo		NM	D-P	733	5.6	6.7
United Financial		NM	D-D	140	25.4	−21.2
United HealthCare		NM	D-D	6	163.0	17.3
United Illuminating		NM	D-P	868	2.3	4.9
United Merchants		NM	D-D	509	10.3%	−14.4%
US Home		NM	P-D	1024	−5.2	−8.7
United Telecom		NM	D-P	758	5.1	6.3
UNUM Corp		NM	NA	452	11.4	2.2
USF&G		NM	13.9%	244	17.7	17.6
USLife		NM	−9.6	691	6.5	2.6
USX		NM	D-P	1027	−5.4	26.4
Valero Energy		NM	P-D	1088	−12.6	−14.0
Valley National		NM	88.6	681	6.7	5.3
Valmont Industries		NM	72.1	178	21.3	58.4
Varian Associates		NM	29.6	678	6.7	19.1
Varity Corp		NM	D-P	977	−2.2	38.7
Vista Chemical		NM	D-P	762	5.0	28.3
Volt Info Sciences		NM	P-D	527	9.9	6.4
Wang Laboratories		NM	D-P	219	19.3	5.7
Warner Commun		NM	44.6	1002	−3.5	26.1
Warner-Lambert		NM	20.6	903	1.0	12.8
Washington Mutual		NM	−57.1	323	14.7	7.0
Washington National		NM	P-D	1005	−3.8	18.8
Wendy's Intl		NM	500.0+	387	12.8	2.0
Western Digital		NM	−16.8	23	72.1	70.9
Western Union		NM	D-D	1019	−4.9	6.8
Westmoreland Coal		NM	P-D	915	0.7	−6.9
Wheeling-Pittsburgh		NM	D-P	783	4.5	8.6
Whittaker		NM	−6.6	1105	−27.5	13.8
Williams Cos		NM	D-P	955	−0.8	4.9
Wilson Foods		NM	62.5	1070	−10.6	−1.8
Wyman-Gordon		NM	D-P	1046	−7.1	−19.4
York International		NM	NA	572	8.8	34.0
Zenith Electronics		NM	D-D	391	12.6	11.3
Allegheny Ludlum		NA	NA	714	6.1	41.2
Allis-Chalmers		NA	D-D	1102	−22.3	−19.4
Anchor Savings Bank		NA	NA	156	23.5	4.9
Aristech Chemical		NA	160.2	719	5.8	22.9
Atari		NA	−19.4		NA	147.6
Avondale Industries		NA	NA	522	9.9^{d}	NA
Cannon Group		NA	NA		NA	NA
Commercial Federal		NA	−92.0	196	20.0	35.1
Cyclops Industries		NA	NA	489	10.6^{d}	NA
Finevest Foods		NA	−15.8		NA	31.2
Foodmaker		NA	20.0	835	3.4	39.0
Formica		NA	149.5	647	7.4	6.7
Fruehauf		NA	NA		NA	NA
Fruit of the Loom		NA	107.7	513	10.2	19.3
Gaylord Container		NA	NA		NA	55.9
Georgia Gulf		NA	164.1	466	11.2	50.5
Goldome		NA	NA	348	13.9	1.1
Henley Group		NA	D-D	107	31.0	−19.8
Henley Manufacturing		NA	NA	822	3.6	3.5
Hills Dept Stores		NA	−75.6	794	4.3	13.8
Home Shopping		NA	−36.4		NA	25.4
IBP		NA	26.6	663	7.1	17.2
Ideal Basic Inds		NA	D-D	1076	−11.2	−1.7
Itel		NA	D-P	74	36.2	54.2
Magma Copper		NA	NA	413	12.1	30.7
Maxus Energy		NA	D-D	1104	−23.5^{c}	−34.2
National Intergroup		NA	D-D	754	5.2	−32.3
Neiman Marcus Group		NA	NA	1107	−84.4	NA
People's Bank		NA	NA	609	8.2^{d}	7.1
Rexene		NA	NA	942	−0.3^{d}	NA
Richfood Holding		NA	NA	690	6.5	15.7
Savin		NA	P-D	986	−2.8	3.2
Charles Schwab		NA	NA	56	43.5	−0.6
Sterling Chemicals		NA	212.3		NA	69.2
Talman Home Federal		NA	NA	1042	−6.6	0.4
Viacom		NA	NA	92	33.2	17.9
Vons Cos		NA	D-D	679	6.7	10.4

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. c: Three-year growth. d: Four-year growth.

WHO'S WHERE IN THE STOCK MARKET

Despite takeovers and buyouts, the 1988 stock market was quiet overall, with the Dow up only 5.1%.

By Eric Hardy

THE DOW INDUSTRIALS gained 62% from the beginning of 1984 to mid-November 1988, but a lot happened between these two points. Over this five-year period the Dow touched a low of 1079 during the day of June 18, 1984 and a precrash high of 2747 on Aug. 25, 1987. That's a span of 1,668 points. Measured by the Wilshire index there has been a $1.7 trillion swing in market capitalization.

What is the market worth now? The Wilshire index of 6,000 exchange-traded stocks shows equities are valued at $2.6 trillion. The Wilshire is now selling at 13 times earnings, which is a point lower than where it was at the start of 1984. Prices could go higher if security analysts *(see p. 198)* are correct in their earnings forecasts.

Over the last five years the FORBES universe of industry survey companies gained 48% on average. It wasn't the corporate giants that made the best gains. None of the 65 issues making up the three Dow averages (industrials, transportation and utilities) ranks among the top 50 stocks. IBM, for example, actually declined 5.3% over the five years and ranks near the bottom, in 805th place.

Instead, Envirodyne Industries, a specialized food packaging concern, leads with a 2322% increase. This works out to an annual compounded rate of 88%. Each dollar invested in Envirodyne is now worth $24.22.

Best Buy, a fast-growing electronics outlet, shot up 2067% while Mayfair Super Markets rose 1115%. This is the second straight year that Mayfair ranks among the top five corporations in long-term market performance. Stocks related to takeover activity also registered big increases. RJR Nabisco and Pillsbury more than tripled over the past five years. Among other firms in the takeover limelight are GAF and Kraft Inc., which are up over 200%.

General Public Utilities, easily the highest ranking electric utility, continues to make progress in the Three Mile Island cleanup; its dividend tripled from last year, to $1.80 per share.

Who were the losers? Western Savings & Loan was ranked 51st in the 1988 survey but is now ranked 938th, with a five-year stock price decline of 45.4%. Higher interest rates and a flagging real estate market caused earnings to dry up at this Arizona-based thrift. The three lowest ranked companies are all Texas financial institutions. At the bottom is United Financial Group, which is now quoted at about 3 cents per share. Allegheny International, Allis Chalmers and Todd Shipyards, which are all in Chapter 11, declined at least 90%.

Many of today's losers were ranked much higher five years ago. In 1984 Todd Shipyards, for example, was standing on a five-year gain of 232% while Allegheny International was up 97%. The tables on the following page show the 25 newest dogs and stars. If that pattern continues to hold, a portfolio of stocks like Todd Shipyards and Allegheny International, bought today, may fare better over

The best industries

Industry	5-year average price change
Packaging	194%
Food processors	164
Communications media	130
Beverages and tobacco	119
Food distributors	112

The worst industries

Industry	5-year average price change
Computers and electronics	8%
Air transport	11
Heavy equipment	18
Metals	20
Construction	21

How did we do?

General Public Utilities wasn't the only company to profit from its ability to improve its lot. Two years ago *(Jan. 12, 1987)* FORBES writers selected one company from each industry group as "the most improved" in its industry. This group of 31 stocks is up an average of 31.2% versus a 12.2% increase in the Dow. Phelps Dodge, a copper mining outfit, rose 150% on the strength of copper prices. The value of holdings in four other companies—Harcourt Brace Jovanovich, Apple Computer, Kroger and Brockway—more than doubled. The biggest disappointment to date has been Lockheed, which is off 21.3%.

The FORBES 1988 industry survey highlighted the "most innovative company" in each industry. After one year these 31 stocks are up an average 7.8% versus 5.1% for the Dow. MCI Communications (telecommunications) more than doubled. Are FORBES writers super stock pickers? We'd like to think so, but our yearly exercise really shows the value of focusing on the one or two companies in each industry that appear to offer something special.

the long term than the list that includes Envirodyne Industries and Mayfair Super Markets. That's the stuff on which contrarian dreams are made.

Although none of the 31 industries tracked by FORBES shows a stock market decline as a group during the last five years, a few failed to keep up with inflation on a yearly basis. Despite a 332% jump for Compaq Computer and a 212% gain for Apple Computer, shares of the 54 computer and electronics firms show an average five-year increase of only 8% in the period. This lackluster showing is due mostly to the terrible performance of the semiconductor stocks.

Packaging gained almost 200%, but that's partly because of spectacular action in Envirodyne Industries. Food processors and distributors, communications media and beverages and tobacco all doubled or better.

To qualify for ranking in the table beginning on page 220, a company in this survey must have been publicly traded as of Dec. 31, 1985. Corporations that made significant restructurings in the form of a special cash dividend or a spinoff of a subsidiary were not ranked. Kroger, for example, underwent a massive restructuring as part of its takeover defense against Kohlberg Kravis Roberts. This included a special dividend of $40 a share. Santa Fe Southern Pacific paid $30 per share owing to a government mandated divestiture. ■

The best companies

These were the best-performing stocks over the past five years. But staying on top may be tough.

Company	5-year price change	Recent price
Envirodyne Industries	2322.4%	25¾
Best Buy Co	2066.7	8⅛
Mayfair Super Markets	1115.3	19¼
Smithfield Foods	717.1	17⅝
First Capital Holding	671.4	6¾
Tyson Foods	621.6	15⅞
Gap	588.1	36⅛
Affiliated Publications	566.2	28½
Alberto-Culver	533.3	35⅝
Food Lion	529.0	10¾
Danaher	494.4	13⅜
Arden Group	473.1	48
Dixie Yarns	464.4	18½
GAF	459.4	46½
Village Super Market	458.6	20¼
Holly Corp	425.9	18
Schultz Sav-O Stores	403.7	17
Circuit City Stores	390.8	39⅞
Precision Castparts	386.4	32¾
General Public Utilities	380.6	37¼
Tyco Laboratories	378.6	33½
Mark IV Industries	371.4	10⅛
United Artists	369.8	25¼
Hartford Steam Boiler	366.7	31½
Olsten	362.5	21¾

The worst companies

In the past five years these industry survey stocks were clobbered. But will they be losers forever?

Company	5-year price change	Recent price
United Financial	–99.6%	1/32
Texas American Bancshares	–99.0	⅜
MCorp	–97.2	¾
Allis-Chalmers	–97.0	½
American Carriers	–95.5	⅞
TIE/Communications	–95.4	1¼
Western Union	–95.2	1¾
Savin	–95.0	¼
Allegheny International	–94.3	1⅞
Ideal Basic Industries	–92.9	1⅝
Todd Shipyards	–91.6	2⅝
Storage Technology	–89.0	1½
Maxicare Health	–87.5	1
Manville	–86.4	1½
LTV	–85.7	2⅝
Florida Federal S&L	–85.7	2¼
US Home	–82.6	2
Emery Air Freight	–82.0	4⅝
Cannon Group	–80.6	4⅛
HH Robertson	–80.4	9
Gibraltar Financial	–79.5	2⅛
Advanced Micro	–78.1	7⅜
Comstock Group	–77.9	1⅞
Arrow Electronics	–77.5	6⅛
Wang Laboratories	–77.2	8⅛

WHO'S WHERE IN THE STOCK MARKET

Rank		Company	5-year price change	1984-88 price range		Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
88	87			high	low								
258	196	**Abbott Laboratories**	97.3%	67	18½	44⅝	$3.18	14.0	2.07	$1.20	2.7%	$9.23	4.84
994	792	**Advanced Micro**	–78.1	44⅛	7⅛	7⅜	0.49	15.1	0.50	none	0.0	7.73	0.95
NR	NR	**ADVO-System**	NA	12¾	4	4¼	–0.39	def	0.09	none	0.0	3.36	1.26
601	588	**Aetna Life & Cas**	31.6	68¼	27¼	47⅜	6.20	7.6	0.23	2.76	5.8	53.56	0.88
8	NR	**Affiliated Pubs**	566.2	41¾	4⅜	28½	–0.78	def	3.69	0.20	0.7	4.69	6.08
499	421	**HF Ahmanson**	50.0	28¾	5¼	15⅜	1.84	8.4	0.47	0.88	5.7	17.93	0.86
354	318	**Air Prods & Chems**	74.2	53⅞	18⅜	38⅞	3.90	10.0	0.89	1.20	3.1	20.66	1.88
923	763	**Airborne Freight**	–39.1	36	11⅛	18⅛	1.01	17.9	0.17	0.60	3.3	18.03	1.01
573	NR	**Alaska Air Group**	38.9	27⅞	9¼	19⅝	2.02	9.7	0.39	0.16	0.8	17.37	1.13
NR	NR	**Albany International**	NA	19¾	9¾	15⅝	1.43	10.9	0.85	0.25	1.6	6.01	2.60
9	89	**Alberto-Culver**	533.3	38¼	5⅜	35⅝	1.99	17.9	0.77	0.30	0.8	9.55	3.73
141	269	**Albertson's**	145.2	38¾	9⅞	33¼	1.24	14.6	0.35	0.56	1.7	10.02	3.32
722	599	**Alcan Aluminium**	9.9	37⅞	15⅛	29⅛	4.85	6.0	0.56	1.20	4.1	22.50	1.29
321	NR	**Alco Health Services**	81.5[a]	29¾	10½	28⅛	1.55	18.1	0.17	none	0.0	11.09	2.54
592	633	**Alco Standard**	34.5	30	13⅝	23⅜	2.33	10.0	0.28	0.76	3.3	12.52	1.87
717	811	**Alexander & Alexander**	11.3	42⅜	15⅞	24⅝	1.46	16.9	0.88	1.00	4.1	9.30	2.65
44	57	**Alexander & Baldwin**	268.0	36¾	8¼	31⅛	2.63	11.8	2.33	0.80	2.6	9.79	3.18
39	48	**Alexander's**	292.4	77	15¾	64¼	–0.86	def	0.61	none	0.0	18.17	3.54
NR	NR	**Alleghany**	NA	109⅞	60¼	71	7.17	9.9	0.45	none	0.0	79.20	0.90
1007	919	**Allegheny Intl**	–94.3	34	1⅝	1⅞	–24.01	def	0.02	none	0.0	–9.39	NE
NR	NR	**Allegheny Ludlum**	NA	36⅛	15⅛	34	4.22	8.1	0.67	1.00	2.9	9.27	3.67
568	454	**Allegheny Power**	39.7	53½	24⅝	37⅜	3.88	9.6	0.89	3.00	8.0	28.19	1.33
887	812	**Allen Group**	–24.4	27¼	5½	13¾	–1.98	def	0.30	none	0.0	11.20	1.23
385	NR	**Allied Products**	68.6	45½	7	14¾	–1.28	def	0.13	none	0.0	27.07	0.54
835	527	**Allied-Signal**	–12.9[c]	54½	26	32⅜	2.94	11.0	0.41	1.80	5.6	20.87	1.55
1012	925	**Allis-Chalmers**	–97.0	17⅜	⅜	½	–2.34	def	0.02	none	0.0	–1.25	NE
205	321	**Alltel**	117.8	37¾	13⅜	35¾	3.64	9.8	1.46	1.72	4.8	17.24	2.07
702	556	**Alcoa**	13.6	64¾	29¾	51	8.77	5.8	0.49	1.40	2.7	43.62	1.17
648	218	**AM International**	21.9	9⅜	2⅛	4⅞	–0.53	def	0.31	none	0.0	3.75	1.30
807	807	**AMAX**	–5.8	29¼	10½	22⅜	3.00	7.5	0.47	0.40	1.8	13.45	1.66
257	325	**Amdahl**	97.3	28	4¾	18⅛	1.86	9.7	1.10	0.10	0.6	7.32	2.48
786	744	**Amerada Hess**	–3.0	41⅞	16½	28⅛	–0.22	def	0.54	0.60	2.1	26.30	1.07
932	NR	**America West Airlines**	–43.6	13½	3½	6⅝	–2.48	def	0.13	none	0.0	2.91	2.28
832	797	**American Bankers**	–11.8	17¼	7	12⅛	1.59	7.6	0.19	0.50	4.1	9.57	1.27
352	344	**American Brands**	74.7	60⅜	26½	51¾	5.88	8.8	0.86	2.44	4.7	26.41	1.96
736	804	**American Building**	7.6	30⅛	15	26½	1.66	16.0	0.17	0.92	3.5	18.55	1.43
816	NR	**American Capital**	–8.3[b]	9⅝	2⅛	4⅛	–0.33	def	0.12	none	0.0	4.22	0.98
1011	NR	**American Carriers**	–95.5	20½	¾	⅞	–6.66	def	0.01	none	0.0	10.95	0.08
683	38	**American Continental**	15.9	13	3⅞	8½	2.17	3.9	0.21	none	0.0	5.27	1.61
317	261	**American Cyanamid**	83.0	57	21⅛	45¾	3.37	13.6	0.91	1.20	2.6	20.85	2.19
479	538	**American Electric**	54.0	31⅝	15⅛	26⅜	2.87	9.2	1.07	2.32	8.8	20.94	1.26
426	503	**American Express**	60.9	40⅝	12½	26¼	1.70	15.4	0.51	0.84	3.2	10.11	2.60
92	24	**American Family**	186.0	18¾	3½	13	1.34	9.7	0.47	0.28	2.2	6.78	1.92
590	413	**American General**	34.6	46¾	19⅜	30⅝	3.37	9.1	0.68	1.40	4.6	33.81	0.91
878	773	**American Greetings**	–22.2	42	13	20⅝	1.15	17.9	0.53	0.66	3.2	16.75	1.23
818	865	**American Hoist**	–8.6	14⅜	4¾	12	0.23	52.2	0.26	none	0.0	7.82	1.53
462	466	**American Home Prod**	55.7	96¾	46¾	77¼	6.22	12.4	2.08	3.60	4.7	17.38	4.44
262	303	**American Intl Group**	96.5	83¾	25½	63⅛	7.10	8.9	0.79	0.40	0.6	34.35	1.84
829	668	**American Maize**	–11.3	26⅝	10¼	14¾	1.45	10.2	0.19	0.52	3.5	23.27	0.63
903	896	**American Medical**	–32.8	28⅝	10⅝	16⅛	1.21	13.3	0.41	0.72	4.5	10.93	1.48
496	434	**American Natl Ins**	50.6	50¾	21⅜	32⅜	2.92	11.1	0.97	1.48	4.6	52.40	0.62
603	723	**American Petrofina**	30.9	75	38⅜	72	8.61	8.4	0.36	3.20	4.4	55.43	1.30
394	537	**American President**	66.8	51	13⅞	32¼	3.41	9.5	0.34	0.50	1.6	28.99	1.11
583	180	**American Stores**	36.9	86¼	26½	54¼	3.77	14.4	0.11	0.84	1.5	31.49	1.72
474	448	**American Tel & Tel**	54.5	35⅞	14⅞	27⅝	2.02	13.7	0.86	1.20	4.3	13.48	2.05
166	NR	**American Water Works**	133.5	25⅞	6¾	17	1.84	9.2	1.03	0.68	4.0	16.99	1.00
NR	NR	**AmeriFirst Bank**	NA	20	8½	17¾	–0.60	def	0.45	none	0.0	17.73	1.00
213	319	**Ameritech**	113.7	101½	41½	91⅞	9.13	10.1	1.28	5.40	5.9	55.43	1.66
382	309	**AmeriTrust**	69.1	27¼	10⅛	20½	2.22	9.2	0.81	1.12	5.5	18.45	1.11
653	317	**Ames Dept Stores**	21.1	34⅝	7½	14⅜	1.02	13.1	0.24	0.10	0.7	11.34	1.27
791	531	**Ametek**	–3.6	19⅝	9⅞	13½	0.80	17.0	1.06	0.60	4.4	5.76	2.34
582	415	**Amoco**	36.9[c]	90¼	48⅛	69½	8.03	8.7	0.85	3.50	5.0	46.99	1.48

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
653	**648**	**Amoskeag**	**21.1%**	45½	13½	23	$–0.38	def	0.05	$0.60	2.6%	$41.69	0.55
744	**339**	**AMP**	**6.6**	71½	26⅛	40⅝	2.82	14.4	1.68	1.00	2.5	12.54	3.24
893	**700**	**Ampco-Pittsburgh**	**–27.7**	24	11⅛	12¾	–2.16	def	0.49	0.30	2.4	15.68	0.81
610	**606**	**AMR**	**30.1**	65½	24¼	47	5.97	7.9	0.33	none	0.0	45.58	1.03
413	**203**	**AmSouth Bancorp**	**62.2**	38½	12¾	23⅞	2.67	8.9	0.74	1.32	5.5	20.43	1.17
NR	**NR**	**Anchor Glass**	**NA**	30½	7⅛	9½	0.32	29.7	0.13	0.08	0.8	6.24	1.52
NR	**NR**	**Anchor Savings Bank**	**NA**	13¼	3⅞	4⅞	–1.08	def	0.12	none	0.0	18.02	0.27
86	**99**	**Anheuser-Busch Cos**	**189.2**	40⅛	9	30⅛	2.38	12.7	1.01	0.72	2.4	9.87	3.05
595	**396**	**Aon**	**34.2**	32⅞	13⅝	27	2.59	10.4	0.62	1.28	4.7	17.48	1.54
983	**NR**	**Apollo Computer**	**–67.1**	30¾	7	7⅛	0.26	27.4	0.40	none	0.0	6.33	1.13
73	**186**	**Apple Computer**	**211.8**	59¾	7¼	38	3.08	12.3	1.16	0.32	0.8	6.63	5.73
291	**402**	**Archer-Daniels**	**89.0**	27¾	8½	19¾	2.02	9.8	0.51	0.10	0.5	14.82	1.33
12	**59**	**Arden Group**	**473.1**	63	7½	48	5.79	8.3	0.21	none	0.0	12.76	3.76
NR	**NR**	**Argonaut Group**	**NA**	52⅛	17½	44½	16.42	2.7	1.05	none	0.0	34.90	1.28
NR	**NR**	**Aristech Chemical**	**NA**	39	16¾	25¼	6.01	4.2	0.62	0.92	3.6	14.43	1.75
856	**758**	**Arkla**	**–17.5**	27⅝	15⅝	18¼	1.10	16.6	0.78	1.08	5.9	12.02	1.52
960	**872**	**Armco**	**–55.7**	23⅜	4⅛	9¼	0.55	16.8	0.25	none	0.0	8.09	1.14
158	**221**	**Armstrong World Inds**	**137.1**	47⅜	11⅛	32¾	3.49	9.4	0.59	1.00	3.1	19.54	1.68
992	**905**	**Arrow Electronics**	**–77.5**	29⅜	3	6⅛	–0.41	def	0.08	none	0.0	8.74	0.70
497	**378**	**Arvin Industries**	**50.5**	39¾	10⅝	18¼	0.61	29.9	0.25	0.68	3.7	22.27	0.82
847	**808**	**Asarco**	**–15.0**	34½	10	25½	5.41	4.7	0.59	0.80	3.1	28.49	0.90
187	**369**	**Ashland Oil**	**125.4**	38⅛	10½	32⅛	3.29	9.8	0.24	1.00	3.1	17.17	1.87
NR	**NR**	**Atari**	**NA**	16⅛	4⅞	5⅛	0.54	9.5	0.39	none	0.0	2.91	1.76
793	**785**	**Guy F Atkinson**	**–3.9b**	20	12½	15⅜	–0.16	def	0.15	0.48	3.1	21.15	0.73
102	**123**	**Atlanta Gas Light**	**177.2**	28	9⅝	27⅜	2.25	12.2	0.56	1.76	6.4	17.52	1.56
542	**484**	**Atlantic Energy**	**43.5**	46⅝	19⅞	33⅜	3.74	8.9	1.01	2.76	8.3	25.71	1.30
915	**831**	**Atlantic Financial**	**–37.1**	19⅛	5¼	5½	1.57	3.5	0.03	0.28	5.1	24.38	0.23
336	**403**	**Atlantic Richfield**	**78.0**	99⅛	40⅞	77	8.42	9.1	0.79	4.00	5.2	32.26	2.39
239	**228**	**Automatic Data**	**103.5**	54½	14¾	36⅛	2.26	16.0	1.76	0.52	1.4	12.71	2.84
478	**312**	**Avery International**	**54.1**	29¼	11½	21	1.11	18.9	0.60	0.48	2.3	10.61	1.98
966	**821**	**Avnet**	**–57.6**	49⅛	18½	19½	1.45	13.4	0.37	0.50	2.6	19.52	1.00
876	**761**	**Avon Products**	**–21.4**	38⅝	17⅞	19¾	–6.48	def	0.36	1.00	5.1	10.66	1.85
NR	**NR**	**Avondale Industries**	**NA**	18¼	13⅜	16⅛	0.11	146.6	0.40	0.84	5.2	15.50	1.04
NR	**NR**	**Baker Hughes**	**NA**	27⅜	11⅛	12½	0.45	27.8	0.64	0.46	3.7	7.54	1.66
NR	**NR**	**Balfour Maclaine**	**NA**	14⅛	4¾	7⅞	–0.44	def	0.04	0.16	2.0	6.10	1.29
286	**195**	**Ball Corp**	**90.4**	48½	14⅜	29¾	2.42	12.3	0.66	1.08	3.6	17.04	1.75
754	**861**	**Bally Manufacturing**	**4.5**	27¾	10½	20½	1.06	19.3	0.30	0.24	1.2	18.45	1.11
253	**251**	**Baltimore G&E**	**98.4**	39⅞	15	31⅜	3.54	8.9	1.38	2.00	6.4	22.24	1.41
314	**474**	**Banc One**	**84.2**	30⅛	11½	23¾	2.57	9.3	1.21	0.92	3.9	13.86	1.71
143	**NR**	**Bancorp Hawaii**	**144.3**	42⅛	12	39½	5.12	7.7	1.00	0.91	2.3	25.18	1.57
185	**NR**	**Bandag**	**126.6**	69	19	62⅞	4.41	14.3	1.98	0.90	1.4	8.84	7.11
356	**327**	**Bank of Boston**	**74.1**	38	9¾	23½	2.77	8.5	0.32	1.24	5.3	23.62	0.99
327	**NR**	**Bank of New England**	**79.8**	39½	11¾	23⅝	3.20	7.4	0.53	1.36	5.8	20.61	1.15
415	**387**	**Bank of New York**	**62.0**	46¾	17½	35⅜	5.87	6.0	0.51	1.92	5.4	33.65	1.05
846	**900**	**BankAmerica**	**–15.0**	23⅛	5¼	17¾	2.12	8.4	0.30	none	0.0	14.56	1.22
395	**433**	**Bankers Trust NY**	**66.2**	55¼	18⅞	37½	9.81	3.8	0.49	1.86	5.0	37.39	1.00
181	**248**	**CR Bard**	**127.5**	25⅛	4⅞	19⅝	1.29	15.2	1.53	0.32	1.6	5.23	3.75
490	**363**	**Barnes Group**	**51.6**	40¾	18	34½	3.17	10.9	0.38	1.20	3.5	19.67	1.75
298	**149**	**Barnett Banks**	**88.2**	41¾	14½	32⅝	3.65	8.9	0.78	1.04	3.2	21.59	1.51
862	**NR**	**Bassett Furniture Ind**	**–19.1**	52	30	37⅝	2.15	17.5	0.67	1.00	2.7	31.28	1.20
384	**482**	**Bausch & Lomb**	**69.0**	49⅝	17½	42¼	3.14	13.5	1.34	1.00	2.4	19.40	2.18
894	**737**	**Baxter International**	**–28.0**	29¼	11¾	16¾	1.25	13.4	0.61	0.50	3.0	12.38	1.35
170	**236**	**BayBanks**	**131.7**	52	16¾	44¾	5.28	8.5	0.81	1.60	3.6	31.60	1.42
827	**NR**	**Bear Stearns Cos**	**–10.6[a]**	25⅜	8	12½	NA	NA	NA	0.50	4.0	10.43	1.20
578	**750**	**Bearings**	**37.6**	41⅞	18⅞	34⅝	3.02	11.5	0.32	0.80	2.3	25.00	1.39
103	**205**	**Becton Dickinson**	**174.1**	69	15½	50⅜	4.01	12.6	1.16	1.00	2.0	21.64	2.33
212	**282**	**Bell Atlantic**	**114.2**	79¾	32⅞	69⅞	6.56	10.7	1.34	4.08	5.8	44.13	1.58
955	**NR**	**Bell Industries**	**–52.8**	29½	11¼	13⅞	1.89	7.3	0.21	0.28	2.0	18.40	0.75
222	**314**	**BellSouth**	**109.6**	46	18⅛	39¼	3.46	11.3	1.43	2.36	6.0	24.89	1.58
37	**49**	**Bemis**	**307.3**	25½	5⅛	20⅞	1.39	15.0	0.51	0.44	2.1	8.66	2.41
596	**478**	**Beneficial Corp**	**33.3**	78⅜	23	45	4.89	9.2	0.82	2.00	4.4	30.82	1.46
NR	**NR**	**Benj Franklin S&L**	**NA**	10½	3½	4⅝	1.88	2.5	0.07	none	0.0	21.52	0.21

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank			5-year price change	1984-88 price range		Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
88	87	Company		high	low								
650	862	**Bergen Brunswig**	21.4%	27¼	10½	20¼	$1.89	10.7	0.11	$0.32	1.6%	$10.36	1.95
71	NR	**WR Berkley**	225.0	40¼	8	29¼	4.65	6.3	0.72	0.36	1.2	20.74	1.41
51	54	**Berkshire Hathaway**	258.8	4985	1220	4700	300.62	15.6	2.36	none	0.0	2477.47	1.90
2	NR	**Best Buy Co**	2066.7	23¼	⅜	8⅛	0.22	36.9	0.13	none	0.0	7.07	1.15
892	852	**Bethlehem Steel**	-27.2	29½	4⅝	20¾	4.23	4.9	0.29	none	0.0	16.20	1.28
985	840	**Beverly Enterprises**	-68.7	22½	4⅛	3⅞	-0.66	def	0.10	none	0.0	8.67	0.45
63	256	**Big Bear**	241.7	31¾	5⅝	25¼	1.81	14.0	0.24	none	0.0	10.21	2.47
872	790	**Bindley Western Inds**	-21.1	17⅛	5½	7	0.27	25.9	0.04	none	0.0	6.90	1.01
875	754	**Black & Decker**	-21.3	28⅜	13	20¾	1.65	12.6	0.53	0.40	1.9	11.12	1.87
183	184	**H&R Block**	126.8	34⅜	9⅜	27½	1.69	16.3	1.76	1.04	3.8	7.37	3.73
785	637	**Blount**	-2.4	21⅜	9¾	15⅛	0.38	39.8	0.13	0.40	2.6	11.93	1.27
452	211	**BMA Corp**	57.4	48¼	17⅞	30	1.58	19.0	0.58	1.20	4.0	29.55	1.02
685	328	**Boatmen's Bancshares**	15.8	47½	23½	33	4.08	8.1	0.74	2.00	6.1	33.37	0.99
225	441	**Boeing**	108.7	67⅝	23¾	60⅞	3.80	16.0	0.56	1.60	2.6	32.75	1.86
487	449	**Boise Cascade**	52.4	52⅛	19⅝	40	5.84	6.8	0.45	1.40	3.5	31.88	1.25
85	128	**Borden**	190.7	63⅞	16½	54¾	4.05	13.5	0.58	1.56	2.8	22.51	2.43
530	584	**Borman's**	45.3	25¾	4¼	9⅝	-11.45	def	0.03	none	0.0	3.60	2.67
701	512	**Boston Edison**	13.7	28	12½	16⅛	1.66	9.7	0.50	1.82	11.3	19.32	0.83
632	589	**Bowater**	25.0b	44½	14⅞	25⅝	3.94	6.5	0.67	1.12	4.4	19.57	1.31
817	828	**Briggs & Stratton**	-8.4	42	20¼	28½	1.99	14.3	0.44	1.60	5.6	20.97	1.36
263	177	**Bristol-Myers**	96.4	55⅞	20½	41½	2.80	14.8	2.04	1.68	4.0	11.21	3.70
519	528	**Brooklyn Union Gas**	46.7	28⅞	14	23¾	2.49	9.5	0.61	1.72	7.2	18.24	1.30
184	598	**Brown-Forman**	126.7	55⅝	15½	49⅛	3.50	16.5	1.31	1.68	3.4	15.82	3.11
775	688	**Brown Group**	0.2	44¼	25	31⅞	2.44	13.1	0.32	1.56	4.9	20.33	1.57
165	121	**Browning-Ferris Inds**	133.7	35¾	6⅝	25⅛	1.41	17.8	1.89	0.48	1.9	5.93	4.24
108	115	**Bruno's**	167.8	12⅞	3¼	9⅞	0.53	18.6	0.39	0.12	1.2	3.06	3.23
163	13	**Brunswick**	135.5	30¼	6	17	2.38	7.1	0.44	0.44	2.6	9.52	1.79
NR	NR	**Budget Rent a Car**	NA	29	8½	27⅞	1.34	20.8	0.61	none	0.0	7.25	3.84
881	NR	**Burlington Coat**	-23.1	34½	12	17½	1.79	9.8	0.38	none	0.0	12.82	1.37
561	260	**Burlington Northern**	40.9	84¼	35	69¾	3.80	18.4	0.99	2.20	3.2	46.52	1.50
679	839	**Businessland**	16.7	19	3	12¼	0.85	14.4	0.31	none	0.0	4.88	2.51
629	703	**Butler Manufacturing**	26.0	37¼	18½	31½	1.65	19.1	0.22	1.40	4.4	25.53	1.23
544	507	**Cabot**	43.5	49¼	20½	35⅞	2.27	15.8	0.58	0.92	2.6	21.46	1.67
240	238	**Caesars World**	103.3	35¾	8¼	23⅜	2.93	8.0	0.68	none	0.0	7.02	3.33
784	672	**CalFed**	-2.4	42	11⅛	20¾	5.91	3.5	0.19	1.40	6.7	51.01	0.41
118	176	**CalMat**	157.3b	46⅛	9⅛	27½	1.91	14.4	1.45	0.48	1.7	14.34	1.92
919	863	**Cameron Iron Works**	-37.6	23⅜	8⅜	12¼	-0.38	def	0.69	0.04	0.3	10.10	1.21
260	204	**Campbell Soup**	96.7	35⅜	13⅝	30	1.87	16.0	0.79	0.92	3.1	14.69	2.04
997	NR	**Cannon Group**	-80.6	45½	2⅝	4⅛	-6.50	def	0.13	none	0.0	-1.98	NE
151	148	**Capital Cities/ABC**	139.6	450	123½	345	21.33	16.2	1.15	0.20	0.1	137.40	2.51
420	462	**Capital Holding**	61.6	38¾	15⅛	30	2.95	10.2	0.74	0.94	3.1	23.02	1.30
553	788	**Cardinal Distribution**	42.2	20⅞	8¼	17	2.20	7.7	0.14	0.08	0.5	9.78	1.74
663	814	**Carlisle Cos**	20.3	40¼	22	33⅜	2.86	11.7	0.48	1.16	3.5	22.78	1.47
NR	NR	**Carnival Cruise Lines**	NA	17½	8⅛	13¾	1.39	9.9	3.11	0.40	2.9	4.72	2.91
871	523	**Carolina Freight**	-20.8	42½	13⅞	23¾	0.90	26.4	0.24	0.54	2.3	19.15	1.24
423	475	**Carolina Power & Lt**	61.4	42⅞	19¼	35½	2.34	15.2	1.29	2.76	7.8	29.41	1.21
844	755	**Carpenter Technology**	-14.9	58¼	28½	45¾	3.16	14.5	0.72	2.10	4.6	33.61	1.36
NR	63	**Carson Pirie Scott**	NA	16½	7¼	11¼	0.31	36.3	0.14	0.10	0.9	11.44	0.98
NR	NR	**Carter Hawley Hale**	NA	12½	6¾	8¼	0.21	39.3	0.07	none	0.0	-10.19	NE
45	NR	**Carter-Wallace**	266.4	75½	9¾	38¼	2.75	13.9	1.15	0.68	1.8	17.46	2.19
277	NR	**Castle & Cooke**	92.3a	29⅜	10⅛	25	2.12	11.8	0.68	none	0.0	10.78	2.32
623	564	**Caterpillar**	27.0	74¾	28⅜	60	5.84	10.3	0.62	0.75	1.3	35.15	1.71
836	877	**CBI Industries**	-13.1	33⅞	16	25¾	0.82	31.4	0.35	0.60	2.3	24.73	1.04
126	110	**CBS**	151.9	226¼	61½	166⅞	53.06	3.1	1.42	4.40	2.6	56.70	2.94
30	NR	**CDI Corp**	347.9	29⅞	5⅛	27	2.24	12.1	0.27	none	0.0	9.51	2.84
284	535	**Centel**	90.6	52¼	20½	44⅝	3.50	12.8	1.44	1.84	4.1	23.81	1.87
NR	NR	**Centerior Energy**	NA	27¾	12¼	12½	2.24	5.6	0.88	1.60	12.8	22.10	0.57
207	432	**Centerre Bancorp**	116.2	57¼	18½	56¾	3.11	18.2	0.86	1.80	3.2	43.56	1.30
689	777	**Centex**	15.3b	40½	15⅛	26⅜	1.86	14.2	0.24	0.25	0.9	24.25	1.09
468	392	**Central & So West**	55.1	40½	16⅞	30¼	3.94	7.7	1.14	2.44	8.1	26.52	1.14
824	765	**Central Hudson G&E**	-9.8	39⅞	16⅛	20¾	1.65	12.6	0.69	1.70	8.2	20.35	1.02
585	587	**Central Ill Pub Svc**	36.2	30¾	14	21⅝	2.35	9.2	1.21	1.76	8.1	16.73	1.29

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Sources: Forbes; William O'Neill & Co.

Rank			5-year price change	1984-88 price range		Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
88	87	Company		high	low								
636	767	**Central Maine Power**	23.3%	20½	7⅞	17⅞	$2.24	8.0	0.64	$1.48	8.3%	$15.12	1.18
338	271	**Central Steel & Wire**	77.3	585	315	585	105.74	5.5	0.27	91.50	15.6	484.75	1.21
695	NR	**CenTrust Savings Bank**	14.5ª	13½	3⅞	7	1.91	3.7	0.07	1.35	19.3	28.52	0.25
758	625	**Champion Intl**	3.5	44⅝	16⅞	29⅞	4.40	6.8	0.57	1.00	3.3	30.82	0.97
652	747	**Champion Spark Plug**	21.2	16⅛	7¾	12⅞	0.41	31.4	0.61	0.20	1.6	10.32	1.25
195	82	**Charming Shoppes**	123.0	36¾	4½	13⅝	0.62	23.9	1.00	0.12	0.9	3.86	3.53
978	908	**Charter**	–63.3	12⅞	1	4⅛	1.74	2.4	0.33	none	0.0	1.77	2.33
655	683	**Chase Manhattan**	20.9	49½	17⅞	27½	10.36	2.7	0.20	2.16	7.9	38.70	0.71
733	719	**Chemical Banking**	8.2	56¼	20	31¼	11.56	2.7	0.38	2.72	8.6	25.96	1.22
538	419	**Chesapeake**	44.3	26⅝	10½	19	2.50	7.6	0.55	0.56	2.9	11.68	1.63
631	624	**Chevron**	25.3	64⅝	29¼	43⅛	5.[illegible]	8.1	0.57	2.60	6.0	40.62	1.07
38	103	**Chicago Pacific**	306.1	58	14½	53¼	6.02	8.8	0.48	0.60	1.1	31.17	1.71
643	NR	**Child World**	22.4ª	20¼	7½	15	0.79	19.0	0.22	none	0.0	17.06	0.88
250	111	**Chrysler**	99.5	48	9⅜	24½	4.34	5.6	0.18	1.00	4.1	29.36	0.83
339	133	**Chubb**	77.2	78⅛	23¼	54¼	7.78	7.0	0.56	2.16	4.0	48.10	1.13
912	884	**Church's Fried**	–36.7	20¼	5	7¾	0.11	70.5	0.71	0.20	2.6	6.99	1.11
739	662	**Cigna**	7.1	77¼	27	46⅞	5.80	8.1	0.21	2.96	6.3	63.73	0.74
475	429	**CILcorp**	54.5	43⅜	18½	32¼	2.38	13.6	0.95	2.40	7.4	23.77	1.36
33	120	**Cincinnati Bell**	322.1	45¾	8¾	42⅞	2.67	16.1	1.87	1.12	2.6	14.04	3.05
366	270	**Cincinnati Financial**	72.1	76	26¼	54¼	7.47	7.3	0.96	1.76	3.2	39.77	1.36
245	593	**Cincinnati G&E**	101.0	31⅛	8⅞	25⅞	2.43	10.6	0.93	2.24	8.7	20.49	1.26
914	857	**Cincinnati Milacron**	–37.0	35	14	20⅝	–2.86	def	0.58	0.72	3.5	8.66	2.38
506	307	**Circle K**	48.5	18⅝	6⅞	12⅝	0.97	13.0	0.20	0.28	2.2	6.71	1.88
18	1	**Circuit City Stores**	390.8	45¼	5⅞	39⅞	2.59	15.4	0.58	0.12	0.3	8.99	4.44
43	NR	**Circus Circus**	268.9	34¼	6⅞	28⅛	2.11	13.3	1.74	none	0.0	7.34	3.83
598	657	**Citicorp**	32.7	34⅛	13¾	24⅝	–1.74	def	0.26	1.48	6.0	22.12	1.11
351	254	**Citizens & Southern**	74.8	30½	12⅞	25⅛	3.19	7.9	0.76	1.24	4.9	17.80	1.41
980	894	**CityFed Financial**	–65.2	18⅛	3⅜	3⅞	–0.33	def	0.07	0.04	1.0	14.53	0.27
877	786	**Clark Equipment**	–21.5	39⅛	15¾	29⅝	1.23	24.1	0.41	none	0.0	21.18	1.40
159	266	**Clorox**	136.8	36	11⅜	31⅜	2.50	12.6	1.32	1.04	3.3	13.19	2.38
371	842	**CMS Energy**	70.8	26½	4⅛	24⅛	3.43	7.0	0.68	none	0.0	16.96	1.42
107	78	**CNA Financial**	168.0	75	21	56⅝	8.06	7.0	0.45	none	0.0	46.40	1.22
927	665	**CNW**	–40.8	44½	16¼	25¾	2.84	9.1	0.42	none	0.0	22.53	1.14
982	849	**Coachmen Industries**	–66.8	29¼	6⅝	8⅝	0.28	30.8	0.16	0.40	4.6	9.83	0.88
765	NR	**Coast S&L Assn**	1.8ª	22	11¼	14¼	3.82	3.7	0.14	0.40	2.8	33.82	0.42
188	73	**Coastal Corp**	125.3	40⅜	10½	30½	2.12	14.4	0.22	0.40	1.3	17.11	1.78
169	231	**Coca-Cola**	132.0	53⅛	16⅜	41⅜	2.72	15.2	1.86	1.20	2.9	8.66	4.78
NR	NR	**Coca-Cola Enterprises**	NA	21¼	10½	14	0.73	19.2	0.52	0.05	0.4	10.92	1.28
776	716	**Coleman**	–0.3	46¾	25¼	36⅞	3.50	10.5	0.40	1.20	3.3	26.26	1.40
261	304	**Colgate-Palmolive**	96.5	52⅝	20½	42¼	3.35	12.6	0.58	1.48	3.5	17.35	2.44
400	342	**Collins Foods Intl**	65.9	23½	6½	14⅜	1.14	12.6	0.58	0.10	0.7	8.93	1.61
801	595	**Columbia Gas System**	–4.6	56½	26¾	33⅜	2.04	16.5	0.48	2.00	5.9	34.08	0.99
NR	NR	**Columbia Pictures**	NA	16⅛	6¾	10⅝	–0.94	def	0.92	none	0.0	8.58	1.24
788	58	**Columbia S&L Assn**	–3.4	17⅝	3½	7	0.23	30.4	0.13	0.28	4.0	20.13	0.35
850	793	**Combustion Eng**	–16.5	45⅜	22⅝	26½	0.48	55.2	0.29	1.00	3.8	22.67	1.17
436	487	**Comdisco**	59.9	36½	5⅜	20¼	0.41	49.4	0.64	0.24	1.2	11.24	1.80
189	189	**Comerica**	124.7	51½	17⅜	45½	6.49	7.0	0.70	2.00	4.4	33.49	1.36
344	364	**Commerce Bcshs**	75.7	42¼	19⅞	39¾	4.73	8.4	0.85	1.20	3.0	35.22	1.13
433	366	**Commerce Clearing**	60.0	71	25	48	3.03	15.8	1.45	1.40	2.9	10.47	4.58
NR	NR	**Commercial Credit**	NA	34⅝	17	21	2.23	9.4	0.93	0.28	1.3	15.33	1.37
477	NR	**Commercial Federal**	54.4b	19⅜	5¼	8¾	0.21	41.7	0.09	none	0.0	18.64	0.47
571	376	**Commercial Metals**	39.3	31½	11⅜	23½	2.85	8.2	0.19	0.44	1.9	17.22	1.36
664	667	**Commonwealth Ed**	20.2	38	20	31¼	3.52	8.9	1.20	3.00	9.6	33.26	0.94
411	463	**Commonwealth Energy**	62.6	45¾	16¼	31½	3.16	10.0	0.45	2.80	8.9	29.83	1.06
32	32	**Compaq Computer**	332.0	78½	3½	54	5.33	10.1	1.13	none	0.0	11.69	4.62
29	NR	**Computer Associates**	354.2	37¼	3¾	27¼	1.55	17.6	2.66	none	0.0	6.31	4.32
172	169	**Computer Sciences**	130.3	73	11	44⅝	3.00	14.9	0.58	none	0.0	21.36	2.09
993	NR	**Comstock Group**	–77.9b	14⅛	1½	1⅞	–5.15	def	0.02	none	0.0	4.37	0.43
124	147	**ConAgra**	152.9	38	9⅞	28⅞	2.05	14.1	0.23	0.77	2.7	10.40	2.78
333	273	**Consolidated Edison**	78.9	52⅞	22⅝	44½	4.64	9.6	1.00	3.20	7.2	34.91	1.27
493	436	**Consol Freightways**	51.2	41¼	13½	30⅜	2.46	12.3	0.44	0.98	3.2	18.16	1.67
176	84	**Consol Natural Gas**	128.8	46⅝	15½	38¾	2.41	16.1	1.36	1.64	4.2	19.27	2.01

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Sources: Forbes, William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
89	72	**Consolidated Papers**	187.4%	43½	12⅝	37	$3.34	11.1	1.84	$1.00	2.7%	$13.96	2.65
NR	NR	**Consolidated Rail**	NA	40⅞	20	32¼	4.46	7.2	0.65	1.20	3.7	55.52	0.58
889	NR	**Consolidated Stores**	−26.4ª	23⅝	2⅝	5¾	0.33	17.4	0.43	none	0.0	2.83	2.03
615	820	**Constar Intl**	28.5	30⅞	11⅝	22	1.39	15.8	0.23	0.64	2.9	12.33	1.78
364	422	**Contel**	72.5	39⅝	18	36⅞	1.65	22.3	0.95	2.08	5.6	18.28	2.02
617	574	**Continental Corp**	28.2	55	23½	35¼	1.70	20.7	0.33	2.60	7.4	42.05	0.84
798	885	**Continental Illinois**	−4.3ᵇ	10¼	2¼	5½	−1.49	def	0.20	0.20	3.6	4.43	1.24
834	NR	**Continental Info Sys**	−12.5	13⅝	1¾	3	0.01	300.0	0.05	none	0.0	5.48	0.55
972	859	**Control Data**	−61.9	48½	15¼	17¼	0.59	29.2	0.20	none	0.0	24.85	0.69
974	NR	**Cooper Cos**	−62.3	28¾	5⅛	5¾	−4.61	def	0.15	none	0.0	10.34	0.56
501	423	**Cooper Industries**	49.6	74½	26	52	4.06	12.8	0.64	1.80	3.5	31.74	1.64
98	543	**Cooper Tire & Rubber**	178.7	27¼	6⅜	22⅛	1.76	12.6	0.62	0.30	1.4	10.89	2.03
787	550	**Adolph Coors**	−3.1	31⅝	12	19⅝	1.32	14.9	0.49	0.50	2.5	28.19	0.70
925	8[illegible]9	**Copperweld**	−40.6	23¼	5⅜	12¼	1.75	7.0	0.38	0.30	2.4	8.96	1.37
111	208	**CoreStates Financial**	164.5	44⅛	14⅞	41	4.33	9.5	1.03	1.68	4.1	25.55	1.60
318	553	**Corning Glass Works**	82.4	81½	29¾	63⅝	6.59	9.7	1.37	1.48	2.3	34.09	1.87
634	NR	**Costco Wholesale**	24.5ª	19½	5⅝	14⅝	0.46	31.8	0.18	none	0.0	3.65	4.01
136	335	**CPC International**	146.8	58½	17⅛	47½	3.58	13.3	0.83	1.60	3.4	13.61	3.49
192	285	**Craig**	123.3	22¼	4¼	16¾	1.98	8.5	0.03	none	0.0	10.24	1.64
NR	296	**Crane**	NA	26½	13⅝	22½	2.04	11.0	0.45	1.00	4.4	11.40	1.97
267	61	**Cray Research**	95.5	135¼	19¼	54⅜	3.27	16.6	2.85	none	0.0	19.85	2.74
470	368	**Crestar Financial**	55.0	35⅞	12½	24⅛	2.60	9.3	0.68	1.12	4.6	19.45	1.24
968	NR	**Cross & Trecker**	−58.9	30¼	10¾	11⅞	1.90	6.3	0.34	none	0.0	15.11	0.79
752	NR	**CrossLand Savings FSB**	4.5ª	24¼	7¼	14½	4.27	3.4	0.16	0.80	5.5	33.88	0.43
757	709	**Crown Central Pet**	3.5	26	9⅛	18½	10.53	1.8	0.10	none	0.0	26.79	0.69
69	76	**Crown Cork & Seal**	227.1	46⅝	11⅝	40¾	3.27	12.4	0.60	none	0.0	22.73	1.79
410	NR	**CRS Sirrine**	62.8	24⅞	8¾	23⅞	1.41	16.9	0.28	0.24	1.0	10.86	2.20
635	500	**CSX**	23.7	41¾	18⅜	30⅝	0.93	32.9	0.62	1.24	4.0	32.18	0.95
312	257	**Culbro**	84.2	58½	18¼	42⅜	2.11	20.1	0.22	0.80	1.9	33.60	1.26
926	722	**Cummins Engine**	−40.7	94¼	40¾	47¾	−1.95	def	0.16	2.20	4.6	66.47	0.72
539	286	**Curtice Burns Foods**	44.2	27⅞	14½	24⅞	2.65	9.4	0.20	0.80	3.2	15.11	1.65
179	NR	**CVN Cos**	127.8ᵇ	38	3⅞	15⅜	0.65	23.7	0.46	none	0.0	8.00	1.92
NR	NR	**Cyclops Industries**	NA	49½	19¼	21	−1.98	def	0.15	none	0.0	−0.51	NE
313	NR	**Cyprus Minerals**	84.2ª	36	14	30⅝	4.28	7.2	0.69	0.40	1.3	32.92	0.93
388	NR	**Dairy Mart**	68.2	15⅜	4⅛	10¼	1.03	10.0	0.09	0.12	1.2	6.53	1.57
886	NR	**Dallas Corp**	−24.1	23½	7⅝	13⅜	0.75	17.8	0.24	0.66	4.9	13.62	0.98
618	496	**Dana**	28.1	54¼	21⅛	35⅞	3.44	10.4	0.31	1.60	4.5	21.63	1.66
11	NR	**Danaher**	494.4	20	2¼	13⅜	1.62	8.3	0.41	none	0.0	4.53	2.95
954	684	**Data General**	−52.7	76	16	17⅝	−0.55	def	0.36	none	0.0	21.32	0.83
851	NR	**Datapoint**	−16.7ª	9¼	3⅜	4⅜	−0.55	def	0.13	none	0.0	10.76	0.41
633	699	**Dayton Hudson**	24.5	63	25⅛	38¾	2.68	14.5	0.28	1.02	2.6	23.15	1.67
265	213	**Dean Foods**	95.8	38½	16½	28½	1.67	17.1	0.49	0.60	2.1	9.90	2.88
665	712	**Deere**	20.1	50½	21½	46¼	3.87	12.0	0.61	0.80	1.7	28.23	1.64
393	550	**Delchamps**	67.3	28	9¾	20½	1.38	14.9	0.16	0.36	1.8	9.99	2.05
599	424	**Delmarva Power & Lt**	32.5	25½	11½	17	1.60	10.6	1.03	1.46	8.6	13.01	1.31
660	801	**Delta Air Lines**	20.4	67⅛	27	47⅞	7.11	6.7	0.33	1.20	2.5	44.99	1.06
NR	NR	**Delta Woodside Inds**	NA	16½	5¼	10	1.57	6.4	0.35	0.20	2.0	4.94	2.02
155	162	**Deluxe Corp**	138.2	42¼	8⅞	23¾	1.65	14.4	1.83	0.92	3.9	5.77	4.12
742	481	**Dennison Mfg**	6.6	35½	17⅞	24⅞	2.16	11.5	0.54	1.28	5.1	14.83	1.68
748	735	**DeSoto**	5.5	46	21	33½	0.74	45.3	0.35	1.40	4.2	24.32	1.38
668	697	**Detroit Edison**	19.1	19⅜	11½	16⅜	1.88	8.7	0.80	1.68	10.3	19.69	0.83
547	470	**Dexter**	43.2	32⅜	11⅞	21	1.51	13.9	0.63	0.80	3.8	11.84	1.77
320	486	**Di Giorgio**	81.7	32¼	9⅜	23⅝	1.53	15.4	0.12	0.64	2.7	17.49	1.35
NR	NR	**Diamond Shamrock R&M**	NA	18¼	7⅜	14¾	1.14	12.9	0.19	0.40	2.7	10.20	1.45
194	272	**Dibrell Brothers**	123.0	15	6	13¾	1.72	8.0	0.16	0.56	4.1	9.65	1.42
896	NR	**Diebold**	−30.2	60¾	31⅛	36⅛	2.59	13.9	1.05	1.30	3.6	25.92	1.39
135	151	**Digital Equipment**	147.2	199½	35¼	89	9.58	9.3	0.94	none	0.0	59.47	1.50
87	29	**Dillard Dept Stores**	188.4	57½	10¾	40⅜	2.95	13.7	0.54	0.16	0.4	20.00	2.02
NR	NR	**Dime Savings Bank FSB**	NA	27	12⅝	14¾	2.33	6.3	0.32	0.60	4.1	28.60	0.52
26	62	**Walt Disney**	360.8	82½	11⅜	60⅝	3.80	16.0	2.34	0.40	0.7	14.01	4.33
441	198	**Diversified Energies**	59.0	29⅞	15	24¾	2.17	11.4	0.53	1.52	6.1	16.28	1.52
13	NR	**Dixie Yarns**	464.4	33¾	2⅞	18½	1.93	9.6	0.36	0.60	3.2	17.36	1.07

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Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
859	799	**Dollar General**	–18.6%	29⅜	4¾	9½	$0.32	29.7	0.29	$0.20	2.1%	$5.82	1.63
444	249	**Dominion Bankshares**	58.6	25⅜	9⅜	16¾	2.14	7.8	0.75	0.80	4.8	13.82	1.21
268	305	**Dominion Resources**	95.5	52⅛	20⅜	43¼	4.48	9.7	1.29	3.20	7.4	31.44	1.38
387	310	**RR Donnelley & Sons**	68.2	45⅜	16	32⅜	2.54	12.7	0.91	0.78	2.4	14.91	2.17
315	353	**Dover**	83.3	38⅞	14⅜	27½	2.12	13.0	0.96	0.68	2.5	10.14	2.71
138	90	**Dow Chemical**	146.4	109⅝	25¾	82¼	11.24	7.3	0.98	2.80	3.4	30.46	2.70
779	505	**Dow Jones**	–1.7	56¼	23½	31⅞	2.44	13.1	1.91	0.68	2.1	8.80	3.62
299	577	**DPL**	86.9	29¼	11⅝	25	2.29	10.9	1.06	2.16	8.6	19.61	1.27
716	748	**Dravo**	11.5	21⅞	8¾	15¾	–4.57	def	0.88	none	0.0	6.03	2.61
630	673	**Dresser Industries**	25.9	35⅝	14	26⅛	1.65	15.8	0.47	0.80	3.1	21.51	1.21
482	219	**EI du Pont de Nemours**	53.4	131	42⅜	79¾	8.85	9.0	0.59	3.80	4.8	58.65	1.36
330	329	**Duke Power**	79.1	52	22¼	45	4.60	9.8	1.24	2.96	6.6	31.95	1.41
373	263	**Dun & Bradstreet**	70.6	71¾	25⅝	52⅞	2.58	20.5	2.43	1.74	3.3	10.95	4.83
619	794	**Duquesne Light**	27.8	19½	10⅝	17¼	1.93	8.9	1.08	1.20	7.0	17.61	0.98
586	834	**Durr-Fillauer**	35.8	18⅜	7⅛	15¾	0.68	23.2	0.21	0.18	1.1	7.93	1.99
110	74	**DWG**	165.0	9¼	1⅜	6¾	1.62	4.2	0.10	none	0.0	6.44	1.05
804	698	**E-Systems**	–5.2	40⅞	21¾	29⅞	2.32	12.9	0.67	0.50	1.7	13.93	2.14
922	450	**Eagle-Picher Inds**	–38.6	53	13½	15⅞	3.96	4.0	0.23	1.12	7.1	19.39	0.82
802	708	**Eastern Gas & Fuel**	–4.7	33¼	19¼	22⅞	2.07	11.1	0.79	1.30	5.7	19.52	1.17
611	619	**Eastman Kodak**	29.3	71	26¾	43¾	4.10	10.7	0.89	2.00	4.6	18.54	2.36
559	278	**Eaton**	41.2	71⅞	25⅛	52	5.49	9.5	0.57	2.00	3.8	28.17	1.85
566	571	**Echlin**	40.0	25⅜	10⅛	16⅝	1.12	14.8	0.71	0.62	3.7	10.88	1.53
425	467	**Ecolab**	61.0	33¼	10¾	25¼	1.43	17.7	0.58	0.66	2.6	14.74	1.71
NR	NR	**Edgcomb**	NA	8⅜	1⅞	7⅛	0.65	11.0	0.10	none	0.0	2.15	3.31
823	NR	**Edison Bros Stores**	–9.0a	44	21⅞	31½	–0.53	def	0.35	1.80	5.7	19.50	1.62
708	784	**AG Edwards**	12.5	38⅞	12⅜	18	1.32	13.6	0.75	0.68	3.8	13.43	1.34
843	644	**EG&G**	–14.2	45⅛	26⅛	27⅞	2.18	12.8	0.59	0.68	2.4	9.79	2.85
698	NR	**El Paso Electric**	14.0	21⅝	10	15¼	1.11	13.7	1.36	1.52	10.0	16.40	0.93
602	549	**Emerson Electric**	31.4	42⅜	19½	29⅛	2.31	12.6	1.01	1.12	3.8	11.68	2.49
720	706	**Emerson Radio**	10.0	12¾	2⅛	3⅜	–0.03	def	0.17	none	0.0	2.14	1.58
998	907	**Emery Air Freight**	–82.0	26	3¾	4⅝	–2.42	def	0.08	none	0.0	6.31	0.73
556	379	**Emhart**	41.7	26⅝	12⅜	20¼	1.92	10.5	0.46	0.88	4.3	13.52	1.50
NR	NR	**Empire of America**	NA	7	1½	1½	–2.97	def	0.02	none	0.0	9.84	0.15
897	781	**Engelhard**	–30.4	29¼	14⅜	17⅞	1.27	14.1	0.34	0.56	3.1	16.36	1.09
810	567	**Enron**	–6.3	54⅝	31	37	1.48	25.0	0.31	2.48	6.7	29.32	1.26
879	752	**Enserch**	–22.5	29⅞	13⅛	17¼	–4.02	def	0.36	0.80	4.6	13.62	1.27
1	NR	**Envirodyne Industries**	2322.4	36⅞	1	25¾	2.46	10.5	0.97	none	0.0	7.10	3.63
101	171	**Equifax**	178.2	32⅞	7⅞	25½	1.53	16.7	0.87	0.84	3.3	5.86	4.35
507	479	**Equitable of Iowa**	48.3	27	11½	22	2.12	10.4	0.32	1.00	4.5	29.55	0.74
432	127	**Equitable Resources**	60.5	46⅞	19	32⅝	1.76	18.5	1.73	1.28	3.9	21.90	1.49
255	NR	**Esselte Business Sys**	97.5b	46⅛	12⅝	29⅜	2.87	10.2	0.43	0.88	3.0	21.35	1.38
74	18	**Ethyl**	209.8	32¼	5	19¾	1.86	10.6	1.21	0.48	2.4	7.87	2.51
202	126	**Exxon**	119.4	50¾	18⅛	41	4.01	10.2	0.71	2.20	5.4	24.38	1.68
880	851	**Fairchild Industries**	–23.0	20⅜	7⅞	14¼	0.95	15.0	0.39	0.20	1.4	8.12	1.75
797	677	**Family Dollar Stores**	–4.2	28⅛	7	13¼	0.98	13.5	0.55	0.32	2.4	5.49	2.41
55	201	**Farmers Group**	247.3	73¼	17⅛	72½	4.26	17.0	3.86	1.44	2.0	22.34	3.25
855	NR	**Fay's Drug**	–17.0	12½	4¾	10	0.58	15.8	0.27	0.20	2.0	3.90	2.56
800	576	**Federal Express**	–4.6	75½	27¾	44⅛	3.48	12.7	0.57	none	0.0	25.17	1.75
622	697	**Federal-Mogul**	27.0	55¾	29⅛	47	3.77	12.5	0.50	1.72	3.7	27.30	1.72
246	647	**Federal Natl Mortgage**	100.0	52¼	10⅞	46	6.90	6.7	0.34	0.96	2.1	23.00	2.00
409	243	**Federal Paper Board**	62.8	27	8¼	18⅝	2.67	7.0	0.68	0.64	3.4	11.76	1.58
282	502	**Ferro**	91.0	40¾	11⅛	31¾	3.22	9.9	0.44	0.72	2.3	19.04	1.67
NR	NR	**FHP International**	NA	14¼	5½	11	1.65	6.7	0.20	none	0.0	3.54	3.11
704	681	**Fieldcrest Cannon**	13.6	43	12⅝	20⅞	–0.33	def	0.16	0.68	3.3	25.36	0.82
60	118	**Figgie Intl**	243.4	92	21⅛	91	8.57	10.6	0.57	0.88	1.0	47.55	1.91
971	NR	**Fin Cp Santa Barbara**	–61.5	17⅝	2½	3⅛	0.38	8.2	0.04	0.10	3.2	6.76	0.46
NR	NR	**Finevest Foods**	NA	14¼	9¼	9¼	0.32	28.9	0.16	0.12	1.3	2.13	4.34
792	NR	**Fireman's Fund**	–3.6a	44½	24⅛	29¾	4.07	7.3	0.40	0.50	1.7	26.17	1.14
372	235	**First American**	70.6	34⅝	12¼	22¾	1.88	12.1	0.70	1.25	5.5	21.06	1.08
232	NR	**First Amer Financial**	105.6	35	11¼	27¾	2.66	10.4	0.22	0.70	2.5	28.18	0.98
467	224	**First Bank System**	55.3	37⅛	10⅝	20⅞	2.49	8.4	0.53	1.64	7.9	21.82	0.96
148	570	**First Boston**	140.7	62¾	17¼	50¼	3.67	13.7	0.44	1.00	2.0	33.24	1.51

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5	NR	**First Capital Holding**	671.4%	26⅞	¾	6¾	$1.47	4.6	0.19	none	0.0%	$7.02	0.96
666	634	**First Chicago**	19.7	35¼	16⅝	30⅜	4.27	7.1	0.37	$1.50	4.9	24.80	1.22
536	635	**First Executive**	44.5	21⅛	5¾	14¼	1.80	7.9	0.37	none	0.0	14.63	0.98
480	654	**First Federal Mich**	53.6	30	5¾	13¼	1.74	7.6	0.13	0.60	4.5	35.58	0.37
360	322	**First Fidelity Bncp**	73.4	46½	15⅝	35⅞	2.85	12.6	0.72	2.00	5.6	25.47	1.41
718	620	**First Interstate Bncp**	11.1	67⅜	30¼	46¼	−1.58	def	0.37	2.92	6.3	44.39	1.04
48	193	**First Maryland Bncp**	261.3	35¾	8⅞	35	2.98	11.8	0.99	1.00	2.9	24.67	1.42
145	85	**First of America Bank**	142.2	54	17⅞	44	6.02	7.3	0.58	2.00	4.5	43.38	1.01
308	385	**First Pennsylvania**	84.9	12⅝	4½	12¼	0.81	15.1	0.81	none	0.0	5.23	2.34
678	694	**First Security**	17.2	35½	15	24¾	2.46	10.1	0.60	1.20	4.8	29.72	0.83
381	291	**First Tennessee Natl**	69.3	36⅝	14⅛	27⅜	2.58	10.6	0.71	1.40	5.1	21.72	1.26
514	298	**First Union**	47.3	30	11⅝	20⅝	2.71	7.6	0.78	0.88	4.3	16.25	1.27
708	NR	**First Wachovia**	12.5[a]	46⅜	30½	38¼	4.00	9.6	1.12	1.52	4.0	23.94	1.60
137	136	**First Wisconsin**	146.6	33	8	25⅛	2.77	9.1	0.70	1.00	4.0	16.50	1.52
975	923	**Fischbach**	−63.1	55½	6⅜	18⅝	−7.07	def	0.07	none	0.0	25.99	0.72
193	152	**Fleet/Norstar Finl**	123.0	30⅝	10⅛	26⅝	2.33	11.4	0.95	1.28	4.8	15.98	1.67
854	771	**Fleetwood Enterprises**	−16.9	33½	14	22⅛	2.30	9.6	0.34	0.64	2.9	15.02	1.47
707	660	**Fleming Cos**	13.0	45⅞	22	32⅝	1.76	18.5	0.09	1.00	3.1	19.58	1.67
1000	899	**Florida Federal S&L**	−85.7	22⅝	2	2¼	−7.90	def	0.04	none	0.0	11.93	0.18
454	509	**Florida Natl Banks**	56.5	29¼	10¾	18	1.42	12.7	0.64	0.52	2.9	17.16	1.05
370	347	**Florida Progress**	71.6	47	18¾	34¾	3.43	10.1	0.88	2.56	7.4	24.77	1.40
233	145	**Flowers Industries**	105.3	22	7¾	18¼	1.18	15.4	0.85	0.50	2.7	5.74	3.18
715	847	**Fluor**	11.6	23⅜	11	19¼	2.15	9.0	0.32	0.08	0.4	6.74	2.86
42	10	**FMC**	276.2	60⅜	7⅜	30⅝	2.93	10.5	0.32	none	0.0	−10.12	NE
10	12	**Food Lion**	529.0	14⅝	1½	10¾	0.33	32.6	0.99	0.06	0.6	1.05	10.24
79	112	**Foodarama Supermkts**	201.3	32⅞	6¼	29	3.67	7.9	0.07	none	0.0	23.55	1.23
NR	NR	**Foodmaker**	NA	19¼	5¾	18⅜	1.44	12.9	0.29	none	0.0	8.99	2.07
54	27	**Ford Motor**	250.4	56⅜	11	49½	10.41	4.8	0.30	2.40	4.8	37.56	1.32
626	579	**Foremost Corp of Amer**	26.6	43⅞	21¼	34½	2.66	13.0	0.94	1.08	3.1	22.92	1.51
NR	NR	**Formica**	NA	18⅛	4½	14½	2.52	5.8	0.43	none	0.0	7.39	1.96
781	892	**LB Foster**	−2.0	8⅛	1⅞	6⅛	0.96	6.4	0.24	none	0.0	3.58	1.71
826	736	**Foster Wheeler**	−10.5	25	9½	13⅞	0.20	69.4	0.45	0.44	3.2	12.79	1.08
870	866	**Foxboro**	−20.6	40½	18⅜	28	−5.45	def	0.66	0.40	1.4	15.30	1.83
486	411	**FPL Group**	52.8	38	17⅝	30¾	3.31	9.3	0.84	2.20	7.2	23.82	1.29
575	611	**Freeport-McMoRan**	38.5	31⅜	13½	27⅞	4.08	6.8	0.32	2.88[d]	10.3[d]	12.77	2.18
NR	NR	**Fruehauf**	NA	8⅜	1⅞	3⅝	−5.95	def	0.02	none	0.0	−6.74	NE
NR	NR	**Fruit of the Loom**	NA	9¾	3⅞	4¾	0.81	5.9	0.30	none	0.0	3.14	1.51
637	166	**HB Fuller**	23.3	48½	11¾	24½	2.45	10.0	0.35	0.56	2.3	17.02	1.44
211	64	**Fuqua Industries**	115.0	38⅜	10	28¾	5.33	5.4	0.67	0.32	1.1	15.22	1.89
14	9	**GAF**	459.4	69½	7½	46½	3.08	15.1	1.38	0.10	0.2	18.34	2.54
390	418	**Gannett**	67.8	56¼	16¾	33	2.18	15.1	1.65	1.08	3.3	9.94	3.32
7	22	**Gap**	588.1	77⅞	4½	36⅛	1.55	20.5	1.10	0.60	1.7	7.61	4.75
466	524	**GATX**	55.4	52⅜	25¾	50½	4.94	10.2	0.80	1.80	3.6	25.16	2.01
NR	NR	**Gaylord Container**	NA	22	12¾	13	3.06	4.2	0.30	none	0.0	3.27	3.98
218	210	**Geico**	111.6	136¾	48⅞	123	10.20	12.1	1.13	1.64	1.3	39.18	3.14
512	165	**GenCorp**	47.6	40	9¾	18¼	7.41	2.5	0.32	0.60	3.3	−3.06	NE
346	245	**General Cinema**	75.6	31¾	8½	19¾	1.37	14.4	0.66	0.40	2.0	6.96	2.84
867	NR	**General Development**	−20.2[a]	26⅝	8⅛	12⅜	1.88	6.6	0.21	none	0.0	20.62	0.60
837	544	**General Dynamics**	−13.5	89¼	42	50¼	8.66	5.8	0.22	1.00	2.0	38.19	1.32
534	333	**General Electric**	45.0	66⅜	24⅛	42½	3.14	13.5	1.00	1.64	3.9	18.25	2.33
591	469	**General Host**	34.6	25⅝	5½	8⅜	−0.11	def	0.39	0.28	3.3	9.98	0.84
906	886	**General Instrument**	−33.8	47⅞	12¾	21½	2.47	8.7	0.60	0.50	2.3	16.45	1.31
285	348	**General Mills**	90.4[c]	62⅛	20⅞	49¾	5.91	8.4	0.79	1.88	3.8	7.75	6.42
745	730	**General Motors**	6.6	94⅛	50	79¼	11.75	6.7	0.23	5.00	6.3	92.75	0.85
306	438	**General Motors EDS**	85.8[b]	51	18¼	39⅜	3.15	12.5	0.44	0.68	1.7	8.64	4.56
495	NR	**GM Hughes Electronics**	51.0[a]	40⅝	16⅜	28⅞	1.89	15.3	0.35	0.44	1.5	54.04	0.53
20	60	**General Public Utils**	380.6	38½	7¼	37¼	4.90	7.6	0.84	1.80	4.8	31.48	1.18
464	395	**General Re**	55.5	69½	23⅛	53¼	4.75	11.2	1.74	1.20	2.3	26.21	2.03
839	770	**General Signal**	−13.8	61¼	33¼	43¾	0.92	47.6	0.73	1.80	4.1	33.02	1.32
909	822	**Genesco**	−34.9	8⅜	2⅜	5⅛	0.61	8.4	0.24	none	0.0	5.08	1.01
NR	NR	**Genlyte Group**	NA	11¾	8	8	5.98	1.3	0.22	none	0.0	NA	NA
345	405	**Genuine Parts**	75.6	44⅜	16	35⅛	2.23	15.8	0.95	1.04	3.0	9.84	3.57

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Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
NR	NR	Georgia Gulf	NA	79¾	19½	70½	$12.12	5.8	0.95	$1.20	1.7%	$10.79	6.53
588	622	Georgia-Pacific	35.4%	52¾	18	33½	4.48	7.5	0.37	1.40	4.2	25.59	1.31
279	293	Gerber Products	91.9	63	20½	54⅜	2.36	23.0	1.07	1.48	2.7	16.48	3.30
83	75	Getty Petroleum	197.8	30⅜	5¼	15	2.14	7.0	0.14	0.20	1.3	7.12	2.11
41	55	Giant Food	280.1	25⅞	4⅞	21½	1.43	15.1	0.46	0.40	1.9	5.91	3.64
995	898	Gibraltar Financial	−79.5	13⅝	2⅛	2⅛	−1.97	def	0.03	none	0.0	9.56	0.22
105	140	Gillette	172.5	49	10¾	33⅛	2.33	14.2	1.07	0.86	2.6	5.20	6.37
31	NR	PH Glatfelter	343.6	37¾	8⅜	36⅞	3.07	12.0	1.62	0.70	1.9	11.51	3.20
234	146	GlenFed	105.1	33½	6¾	20	5.17	3.9	0.24	1.20	6.0	35.98	0.56
244	188	Golden West Finl	101.7	46¾	7⅜	29¾	4.14	7.2	0.70	0.28	0.9	25.28	1.18
NR	NR	Goldome	NA	7¾	2⅜	2⅜	−2.41	def	0.05	none	0.0	16.08	0.15
403	702	BF Goodrich	65.4	65	24⅝	50¼	6.45	7.8	0.53	1.72	3.4	36.51	1.38
430	565	Goodyear	60.5	76½	23	48¾	8.08	6.0	0.26	1.80	3.7	32.19	1.51
885	717	Gordon Jewelry	−24.0	22½	9⅞	16¼	−1.59	def	0.35	0.52	3.2	21.44	0.76
711	664	WR Grace	12.2	37⅜	17¾	25⅜	2.33	10.9	0.39	1.40	5.5	17.31	1.47
374	330	WW Grainger	70.3	71¾	23½	52⅜	3.83	13.7	0.97	0.88	1.7	20.97	2.50
524	346	Gt Am First Savings	46.3	25	5½	9⅞	1.72	5.7	0.16	0.60	6.1	25.93	0.38
753	308	Great American Mgmt	4.5	17½	11¼	17½	0.82	21.3	0.09	none	0.0	19.71	0.89
56	30	Great A&P Tea	245.9	48⅛	11⅝	42⅜	3.04	13.9	0.17	0.60	1.4	22.32	1.90
453	NR	Great Lakes Chemical	56.8	77	24	53⅛	5.37	9.9	1.68	0.72	1.4	22.57	2.35
359	96	Gt Northern Nekoosa	73.6	60½	15½	35	5.69	6.2	0.55	1.12	3.2	22.62	1.55
383	610	Gt Western Financial	69.0	24⅜	6⅝	14⅞	1.55	9.6	0.61	0.76	5.1	14.87	1.00
694	542	Greyhound	14.8	46	18⅝	29⅛	0.67	43.5	0.38	1.32	4.5	24.35	1.20
NR	NR	Grossman's	NA	11½	4	5½	0.48	11.5	0.13	none	0.0	3.37	1.63
774	700	Grow Group	0.3	15⅞	5½	10¼	−0.25	def	0.29	none	0.0	4.49	2.28
849	742	Grumman	−16.5	36⅜	17⅛	20¼	0.47	43.1	0.19	1.00	4.9	15.17	1.33
521	608	GTE	46.6	44¾	23¼	42¾	3.61	11.8	0.86	2.68	6.3	23.86	1.79
762	239	Guilford Mills	2.6	39½	16	25⅛	2.69	9.3	0.42	0.80	3.2	19.55	1.29
131	39	Gulf & Western	149.8	46¾	12⅝	37⅝	3.06	12.3	0.87	0.70	1.9	17.40	2.16
899	897	Gulf States Utils	−31.4	16½	4¾	8¾	0.75	11.7	0.63	none	0.0	18.41	0.48
818	NR	Hadson	−8.6	10⅛	2	4	0.22	18.2	0.22	none	0.0	4.40	0.91
913	827	Halliburton	−36.8	44	17⅜	25½	1.02	25.0	0.60	1.00	3.9	19.77	1.29
167	NR	Handleman	132.8	25⅜	7⅛	20½	1.61	12.7	0.78	1.00	4.9	7.60	2.70
789	809	Handy & Harman	−3.5	28	13¼	17⅛	0.51	33.6	0.37	0.66	3.9	8.35	2.05
612	NR	MA Hanna	29.1	22½	10½	17¾	3.33	5.3	0.38	0.40	2.3	14.51	1.22
66	52	Hannaford Bros	237.0	54¾	11	45⅞	2.93	15.7	0.36	0.64	1.4	15.07	3.04
271	81	Hanover Insurance	94.6	38⅜	9½	27	5.70	4.7	0.36	0.36	1.3	25.68	1.05
NR	NR	Harcourt Brace	NA	13¼	3¾	8¾	0.44	19.9	0.31	none	0.0	−24.91	NE
NR	NR	Harley-Davidson	NA	29⅞	7¼	22⅜	3.37	6.6	0.26	none	0.0	9.10	2.46
NR	NR	Harman International	NA	17½	6⅜	15	1.48	10.1	0.27	none	0.0	8.42	1.78
367	156	Harnischfeger Inds	72.1	29¾	7⅜	14⅝	0.99	14.8	0.39	0.20	1.4	12.32	1.19
910	843	Harris Corp	−35.8	42¾	22	25¾	1.71	15.1	0.50	0.88	3.4	24.94	1.03
392	290	Harsco	67.4	39⅜	12⅝	26½	2.51	10.6	0.55	1.20	4.5	16.34	1.62
24	NR	Hartford Steam Boiler	366.7	36⅝	6¼	31½	3.37	9.3	1.45	1.40	4.4	10.65	2.96
710	596	Hartmarx	12.4	34¾	15⅝	24¼	1.98	12.2	0.39	1.10	4.5	18.26	1.33
95	11	Hasbro	182.4	30⅞	4⅝	15¼	0.99	15.4	0.60	0.12	0.8	11.52	1.32
316	360	Hawaiian Electric	83.3	35½	15⅝	28¾	2.43	11.8	0.71	2.04	7.1	23.07	1.25
407	NR	Healthco International	63.9[a]	23¾	10⅞	19½	1.85	10.5	0.34	none	0.0	17.27	1.13
513	552	Hechinger	47.4	27¼	9	16¾	1.19	14.1	0.69	0.06	0.4	8.87	1.89
175	119	HJ Heinz	128.9	51¾	16	43½	3.02	14.4	1.03	1.44	3.3	12.45	3.49
661	NR	Helene Curtis Inds	20.4	42½	12¾	37¼	2.98	12.5	0.32	0.60	1.6	22.56	1.65
NR	NR	Henley Group	NA	30¾	17¼	21¼	−2.19	def	0.71	none	0.0	20.10	1.06
NR	NR	Henley Manufacturing	NA	61	17½	55½	NA	NA	0.99	none	0.0	35.51	1.56
644	430	Hercules	22.4	73½	27¼	43¾	3.38	12.9	0.78	2.24	5.1	44.88	0.97
157	130	Hershey Foods	137.1	37¾	9½	25	2.31	10.8	1.04	0.70	2.8	9.23	2.71
732	563	Hewlett-Packard	8.3	73⅝	28¾	45⅞	3.36	13.7	1.16	0.34	0.7	19.52	2.35
988	NR	Highland Superstores	−73.0[a]	39¼	5½	7¼	0.38	19.1	0.16	none	0.0	7.02	1.03
173	181	Hillenbrand Inds	130.0	35¾	8½	28¾	1.86	15.5	1.29	0.40	1.4	8.27	3.48
NR	NR	Hills Dept Stores	NA	12⅝	5¼	7⅞	1.09	14.3	0.09	none	0.0	−0.30	NE
422	459	Hilton Hotels	61.4	54¾	22¾	46	3.16	14.6	2.46	1.00	2.2	15.79	2.91
NR	NR	Himont	NA	54¼	23	38½	5.07	7.6	1.56	1.40	3.6	16.59	2.32
946	871	Holiday	−48.7[e]	83⅞	11⅝	24⅜	4.63	5.3	0.40	none	0.0	−29.36	NE

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank				1984-88 price range									
88	87	Company	5-year price change	high	low	Recent price	Latest 12-mo earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/book value
16	185	**Holly Corp**	425.9%	18⅞	3¼	18	$2.76	6.5	0.39	$0.06	0.3%	$5.58	3.23
61	292	**Holly Farms**	243.1	55¼	14⅜	52¾	3.39	15.6	0.56	1.32	2.5	21.34	2.47
433	265	**Home Depot**	60.0	30	7	28	1.00	19.3	0.75	0.12	0.4	6.49	4.31
328	409	**Home Federal S&L**	79.5	38⅝	11¾	25⅛	5.00	5.0	0.35	0.20	0.8	40.31	0.62
958	NR	**Home Group**	–54.6ᵃ	31½	10½	11⅛	2.45	4.5	0.13	0.20	1.8	26.36	0.42
NR	NR	**Home Shopping**	NA	47	3	4½	0.21	21.4	0.54	none	0.0	1.36	3.31
917	350	**Homestead Financial**	–37.5	20½	3½	4½	–0.46	def	0.11	0.25	5.6	12.73	0.35
443	504	**HON Industries**	58.6	23	7⅝	17¼	1.24	13.9	0.56	0.40	2.3	6.66	2.59
813	591	**Honeywell**	–7.5	90½	46⅜	60⅛	3.17	19.0	0.35	2.10	3.5	52.80	1.14
129	129	**Geo A Hormel**	150.0	29⅜	6⅜	19⅜	1.35	12.3	0.32	0.44	2.3	9.72	1.99
962	NR	**Horn & Hardart**	–56.5	21¼	5½	8⅛	–2.16	def	0.24	none	0.0	7.50	1.08
681	823	**Hospital Corp**	16.1	52¼	23⅝	45⅞	3.28	14.0	0.81	0.72	1.6	23.60	1.94
310	358	**Household Intl**	84.6	62½	24	56¾	6.39	8.9	0.46	2.14	3.8	28.23	2.01
535	513	**Houston Industries**	44.5	39⅜	17⅝	28	3.58	7.8	0.92	2.96	10.6	28.33	0.99
201	354	**Hubbell**	119.8	41⅞	14½	34¾	2.69	12.9	1.48	1.12	3.2	13.77	2.52
NR	NR	**Hudson Foods**	NA	21¼	4⅞	9⅞	0.30	32.9	0.24	0.12	1.2	5.61	1.76
750	NR	**Hughes Supply**	4.8	20¼	11½	17⅛	[illegible]	8.6	0.17	0.32	1.9	17.23	0.99
749	810	**Humana**	5.1	36¾	16⅛	23	2.30	10.0	0.65	0.92	4.0	10.36	2.22
231	199	**Huntington Bcshs**	105.8	25	7¾	18¼	1.87	9.7	0.81	0.74	4.1	13.62	1.34
NR	NR	**IBP**	NA	20¼	10¾	13¼	1.19	11.1	0.07	0.60	4.5	9.66	1.37
116	71	**IC Industries**	160.7	41¼	10½	31⅛	2.54	12.3	0.90	0.96	3.1	14.67	2.12
727	345	**ICH**	8.9	32⅝	4⅛	5⅛	–0.09	def	0.09	none	0.0	11.89	0.43
1006	928	**Ideal Basic Inds**	–92.9	26	1⅛	1⅝	–0.04	def	1.26	none	0.0	0.11	14.77
429	NR	**IE Industries**	60.5	27¾	14¼	23⅞	2.54	9.4	0.79	2.04	8.5	18.63	1.28
799	701	**Illinois Power**	–4.4	32	16½	19⅛	2.19	8.7	1.04	2.64	13.8	26.86	0.71
153	79	**Illinois Tool Works**	138.9	49½	10⅝	32⅝	2.51	13.0	0.90	0.48	1.5	11.75	2.78
NR	NR	**IMC Fertilizer Group**	NA	43¼	22½	37¾	4.31	8.8	0.88	0.87	2.3	22.38	1.69
688	824	**Imperial Corp of Am**	15.4	19	5⅛	10⅛	2.78	3.6	0.13	0.60	5.9	18.57	0.55
269	581	**Inco**	94.9	35⅛	8⅝	28½	5.30	5.4	1.05	0.80	2.8	11.31	2.52
607	NR	**Independent Insurance**	30.6	41½	19¾	32	3.26	9.8	0.44	1.52	4.8	42.37	0.76
127	NR	**Indiana National**	151.7	35⅝	9⅞	26	2.67	9.7	0.87	1.08	4.2	20.36	1.28
491	324	**Ingersoll-Rand**	51.6	45¾	14¼	31¾	2.73	11.6	0.56	1.04	3.3	21.92	1.45
NR	NR	**Ingles Markets**	NA	13⅜	6⅝	9	0.71	12.7	0.21	0.22	2.4	5.74	1.57
640	757	**Inland Steel Inds**	22.6	40½	14½	38	6.32	6.0	0.32	1.00	2.6	35.76	1.06
947	868	**Inspiration Resource**	–50.0	12¼	3¾	5⅝	0.55	10.2	0.27	none	0.0	5.84	0.96
943	769	**Integrated Resources**	–47.6	40¼	11⅞	13⅝	2.04	6.7	0.07	none	0.0	30.17	0.45
860	372	**Intel**	–18.8	41⅞	10⅞	22¾	2.47	9.2	1.41	none	0.0	7.76	2.93
283	689	**Interco**	90.6	73⅝	27½	63⅜	3.71	17.1	0.77	1.72	2.7	32.37	1.96
726	435	**Intergraph**	9.1	40½	15¼	21	1.55	13.5	1.52	none	0.0	10.06	2.09
319	258	**Interlake**	82.1ᶜ	55	20½	39½	4.57	8.6	0.48	1.50	3.8	25.56	1.55
451	190	**Intermark**	57.6	16½	6⅝	13	1.54	8.4	0.11	0.12	0.9	10.50	1.24
805	638	**IBM**	–5.3	175⅞	99	115½	8.77	13.2	1.21	4.40	3.8	64.09	1.80
386	489	**Intl Flavors & Frags**	68.3	58	22⅞	45⅞	3.34	13.7	2.07	1.92	4.2	17.47	2.63
806	682	**Intl Minerals & Chem**	–5.5	53	25	41	3.48	11.8	0.86	1.00	2.4	33.56	1.22
527	605	**Intl Multifoods**	45.8	39¾	15⅜	30⅝	2.41	12.7	0.25	1.18	3.9	24.02	1.27
529	501	**International Paper**	45.3	57⅞	22⅛	42⅞	5.90	7.3	0.53	1.30	3.0	36.17	1.19
112	183	**Interpublic Group**	163.5	43½	12¼	34¼	2.54	13.5	0.72	0.80	2.3	12.67	2.70
NR	NR	**InterTAN**	NA	36⅛	10	35⅜	2.55	13.9	0.54	none	0.0	18.45	1.92
438	452	**Iowa-Illinois G&E**	59.7	47	21½	39⅛	4.06	9.6	1.08	3.18	8.1	30.32	1.29
624	533	**Iowa Resources**	27.0	27½	12½	18¼	1.52	12.0	1.19	1.66	9.1	16.00	1.14
417	398	**Ipalco Enterprises**	61.8	29½	13	22¾	2.55	8.9	1.42	1.64	7.2	17.06	1.33
91	192	**Irving Bank**	186.0	78½	23⅛	75⅝	3.28	23.1	0.60	2.42	3.2	40.74	1.86
62	NR	**Itel**	[illegible]42.5	26⅞	2¾	17⅛	0.71	24.1	0.30	none	0.0	11.81	1.45
737	494	**ITT**	7.3	66⅜	21¾	48	7.45	6.4	0.31	1.48	3.1	54.04	0.89
182	NR	**Jacobs Engineering**	127.3	23½	4⅝	19⅜	1.35	14.4	NA	none	0.0	6.58	2.94
725	602	**James River Corp Va**	9.2	43¾	15¾	25¾	2.44	10.6	0.39	0.48	1.9	24.56	1.05
760	515	**Jamesway**	3.0	16¼	5⅞	8½	0.67	12.1	0.15	0.08	0.9	8.58	0.99
303	226	**Jefferson-Pilot**	86.3	42½	15⅞	31¼	2.23	14.0	1.01	1.28	4.1	31.60	0.99
35	56	**Jefferson Smurfit**	311.8	39¼	3¾	26	3.55	7.3	0.82	0.16	0.6	5.64	4.61
NR	NR	**Jepson**	NA	13¾	5	7⅛	0.67	10.6	0.24	none	0.0	3.48	2.05
703	746	**Jerrico**	13.6	26⅜	8⅞	15⅛	0.92	16.4	0.45	0.16	1.1	11.48	1.32
254	471	**Johnson & Johnson**	97.9	105⅜	28	80⅞	5.56	14.5	1.57	2.00	2.5	20.25	3.99

Note: Except as indicated, price changes are from Dec. 31, 1983 to Nov. 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four-year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
589	498	**Johnson Controls**	34.9%	40	18¾	32⅝	$2.83	11.5	0.39	$1.16	3.6%	$20.88	1.56
812	779	**Earle M Jorgensen**	–6.8	30½	17¾	27¼	1.51	18.0	0.38	1.00	3.7	22.67	1.20
300	252	**Jostens**	86.7	25	7¾	17½	2.38	7.4	1.11	0.64	3.7	4.92	3.56
129	NR	**JWP**	150.0	33	6⅜	22½	2.08	10.8	0.35	none	0.0	9.37	2.40
484	320	**K mart**	52.8	48⅜	17⅞	33⅞	3.62	9.4	0.26	1.32	3.9	22.08	1.53
532	182	**Kaman**	45.1	21⅜	7¾	13¾	1.51	9.1	0.32	0.44	3.2	8.97	1.53
398	547	**Kansas City P&L**	66.0	32¼	14¼	31⅛	3.44	9.0	1.31	2.44	7.8	25.33	1.23
908	751	**Kansas City Southern**	–34.6	79¾	32½	37⅝	1.73	21.7	0.76	1.08	2.9	29.27	1.29
667	696	**Kansas Gas & Elec**	19.6	25⅝	9⅜	20⅝	2.02	10.2	1.38	1.60	7.8	19.21	1.07
461	302	**Kansas Power & Light**	55.8	32½	13⅞	23⅜	2.45	9.5	0.67	1.72	7.4	16.94	1.38
439	279	**Kaufman & Broad**	59.4	19¼	4¾	10⅝	1.62	6.6	0.16	0.32	3.0	11.22	0.95
47	40	**Kellogg**	261.4	68¾	13½	58½	3.75	15.6	1.71	1.52	2.6	9.82	5.96
115	158	**Kellwood**	161.2	41	7¼	24⅜	2.68	9.1	0.39	0.72	3.0	14.44	1.69
96	33	**Kelly Services**	182.3	49⅜	10⅛	33½	2.47	13.6	0.64	0.64	1.9	7.68	4.36
350	357	**Kemper**	74.9	38¾	9¾	23¼	3.41	6.8	0.36	0.72	3.1	26.38	0.88
811	NR	**Kennametal**	–6.3	40¼	17½	29½	2.47	11.9	0.69	1.08	3.7	18.07	1.63
377	NR	**Kentucky Central Life**	69.6	21¼	5⅞	11⅞	1.94	6.1	0.30	0.80	6.7	19.46	0.61
408	399	**Kentucky Utilities**	63.7	24⅛	10¼	18⅝	1.96	9.5	1.27	1.34	7.2	12.32	1.51
949	817	**Kerr Glass Mfg**	–50.4	18½	8	8½	–0.59	def	0.11	0.44	5.2	10.49	0.81
687	678	**Kerr-McGee**	15.5	46⅞	23½	35⅜	1.89	18.7	0.63	1.10	3.1	28.25	1.25
419	83	**KeyCorp**	61.7	31	11	20¾	2.39	8.7	0.60	1.20	5.8	19.58	1.06
543	53	**Kimball International**	43.5	26	9⅞	15¼	1.53	10.0	0.61	0.52	3.4	10.60	1.44
152	116	**Kimberly-Clark**	139.1	65¾	19¾	55	4.52	12.2	0.84	1.60	2.9	19.61	2.80
902	NR	**Kinder-Care**	–32.5	19⅛	6⅞	6⅞	0.62	11.1	0.49	0.08	1.2	6.15	1.12
759	NR	**KN Energy**	3.1[a]	24¼	11½	16⅝	2.32	7.2	0.45	1.00	6.0	14.55	1.14
391	458	**Knight-Ridder**	67.5	61¼	21¼	44⅜	2.80	15.8	1.22	1.12	2.5	15.85	2.80
28	264	**Kraft**	359.3[c]	103⅞	21⅝	102	8.94	11.4	1.20	2.04	2.0	14.47	7.05
NR	607	**Kroger**	NA	11	7¼	8½	2.39	3.6	0.04	none	0.0	12.84	0.66
581	NR	**La-Z-Boy Chair**	37.3	24	7½	15⅞	1.46	10.9	0.56	0.48	3.0	9.92	1.60
301	247	**Laclede Gas**	86.4	40½	15⅝	29¼	3.14	9.3	0.47	2.30	7.9	21.94	1.33
505	759	**Lafarge**	48.9	20⅜	6¾	17⅛	1.89	9.1	0.58	0.40	2.3	11.64	1.47
569	NR	**Lancaster Colony**	39.4	23⅝	10	18¼	1.66	11.0	0.50	0.72	3.9	10.80	1.69
326	138	**Leggett & Platt**	80.0	36⅞	10⅜	24	2.21	10.9	0.52	0.64	2.7	13.01	1.84
NR	NR	**Leslie Fay Cos**	NA	17¾	4¼	8¾	1.24	7.1	0.26	none	0.0	5.86	1.49
84	179	**Eli Lilly**	193.7	107¾	26½	85	5.05	16.8	2.98	2.30	2.7	21.78	3.90
81	16	**Limited**	200.0	52⅞	5⅛	24½	1.04	23.6	1.18	0.24	1.0	4.08	6.00
693	NR	**Lincoln Electric**	15.0	240	170	230	31.94	7.2	0.49	6.40	2.8	194.75	1.18
550	337	**Lincoln National**	42.5	62¾	29	46½	2.57	18.1	0.28	2.48	5.3	47.01	0.99
782	483	**Litton Industries**	–2.3	108¼	56¼	69	6.33	10.9	0.36	none	0.0	45.83	1.51
46	8	**Liz Claiborne**	264.7	39⅛	3⅛	15½	1.22	12.7	1.19	0.18	1.2	4.10	3.78
778	465	**Lockheed**	–1.6	61½	28¾	39⅜	10.69	3.7	0.22	1.60	4.1	33.31	1.18
465	NR	**Loctite**	55.4	39	13½	32¼	2.50	12.9	1.35	0.88	2.7	11.44	2.82
82	50	**Loews**	199.1	96¼	23½	74⅜	12.22	6.1	0.56	1.00	1.3	42.56	1.75
868	NR	**Lomas Financial**	–20.2	39¼	12⅝	13½	–1.79	def	0.32	1.40	10.4	13.49	1.00
741	841	**Lone Star Industries**	6.7	41¾	15	30	1.67	18.0	1.03	1.90	6.3	35.86	0.84
483	NR	**Lone Star Tech**	52.9[a]	24⅜	6⅛	13	–0.04	def	0.42	none	0.0	14.53	0.89
489	891	**Long Island Lighting**	51.8	14⅝	3¾	15¾	2.33	6.8	0.82	none	0.0	29.58	0.53
564	410	**Longs Drug Stores**	40.4	41	17	34⅛	2.56	12.9	0.37	0.88	2.6	14.59	2.34
150	274	**Longview Fibre**	140.0	77½	20¼	63	8.35	7.5	1.11	1.80	2.9	25.31	2.49
567	529	**Loral**	39.9	49¼	18½	34⅝	3.29	10.5	0.57	0.72	2.1	17.31	2.00
NR	NR	**Lorimar Telepictures**	NA	32⅝	6⅝	10¾	–6.19	def	0.83	none	0.0	6.44	1.67
690	707	**Louisiana Land**	15.2	43⅛	22¼	31¼	–2.06	def	1.28	1.00	3.2	18.84	1.66
676	685	**Louisiana-Pacific**	17.5	39¾	15½	26½	3.53	7.5	0.56	0.92	3.5	27.24	0.97
526	473	**Louisville G&E**	46.0	44⅜	22⅝	34½	3.63	9.5	1.09	2.72	7.9	26.93	1.28
794	760	**Lowe's Cos**	–3.9	41½	15¼	21½	1.52	14.1	0.33	0.48	2.2	14.80	1.45
1001	915	**LTV**	–85.7	19⅞	1⅛	2⅝	–8.70	def	0.04	none	0.0	–16.97	NE
447	546	**Lubrizol**	58.3	42⅜	18¼	34⅝	1.80	19.2	1.22	1.36	3.9	15.96	2.17
117	69	**Lukens**	158.8	39⅛	6¾	24⅜	3.56	6.8	0.36	0.80	3.3	17.85	1.37
821	NR	**LVI Group**	–8.7	8⅝	1¾	2⅝	–0.20	def	0.11	none	0.0	1.99	1.32
959	901	**M/A-Com**	–54.7	23½	7¼	9	0.65	13.8	0.58	0.24	2.7	8.55	1.05
933	855	**Mack Trucks**	–44.1	22⅜	9⅛	11⅞	0.17	69.9	0.17	none	0.0	16.34	0.73
NR	NR	**Magma Copper**	NA	14⅛	3⅝	6	–0.27	def	0.44	none	0.0	6.78	0.89

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/book value
NR	NR	**MAI Basic Four**	NA	21⅛	8¾	11	$1.62	6.8	0.39	none	0.0%	$5.34	2.06
396	326	**Manor Care**	66.1%	25½	7	13¾	–0.10	def	0.96	$0.13	0.9	4.78	2.88
890	838	**Manufacturers Hanover**	–26.6	57¾	18¾	27⅞	11.54	2.4	0.17	3.28	11.8	42.01	0.66
146	114	**Manufacturers Natl**	142.2	53½	14⅝	44½	3.06	14.5	0.76	1.84	4.1	33.25	1.34
1002	909	**Manville**	–86.4	13⅝	1½	1½	5.36	0.3	0.02	none	0.0	38.86	0.04
223	381	**Mapco**	109.2	66⅝	21	51	4.99	10.2	0.56	1.00	2.0	25.73	1.98
40	6	**Marion Laboratories**	292.2	41½	3½	19	1.05	18.1	3.63	0.36	1.9	2.55	7.45
22	NR	**Mark IV Industries**	371.4	19½	1¾	10⅛	2.01	5.0	0.25	none	0.0	8.56	1.18
224	159	**Marriott**	108.8	43¾	11¾	29¾	1.87	15.9	0.49	0.20	0.7	6.82	4.36
186	160	**Marsh & McLennan Cos**	126.1	76¾	17⅞	56¼	4.09	13.8	1.81	2.50	4.4	10.72	5.25
259	642	**Marsh Supermarkets**	97.1	16¾	5⅝	15	0.98	15.4	0.13	0.32	2.1	7.31	2.05
335	212	**Marshall & Ilsley**	78.2	38¾	13⅛	29¼	3.50	8.4	0.94	0.96	3.3	21.63	1.35
795	NR	**Marshall Industries**	–3.9	25	7⅞	15¼	2.27	6.7	0.30	none	0.0	12.29	1.24
353	289	**Martin Marietta**	74.7	56½	20⅛	41⅝	6.69	6.2	0.40	1.10	2.6	17.16	2.43
520	401	**Masco**	46.7c	40⅞	11⅜	24¾	1.97	12.6	1.44	0.48	1.9	10.34	2.39
27	20	**Masco Industries**	359.4b	18¾	1½	10⅝	0.58	18.3	0.58	none	0.0	4.38	2.43
288	890	**Mattel**	90.0	17⅛	4⅞	9½	–1.87	def	0.48	none	0.0	2.19	4.34
1003	782	**Maxicare Health**	–87.5	28½	½	1	–9.41	def	0.02	none	0.0	–0.87	NE
NR	NR	**Maxus Energy**	NA	16	6	6⅞	–1.84	def	1.03	none	0.0	4.03	1.71
275	338	**May Dept Stores**	93.3	50⅞	15¼	34⅝	3.26	10.6	0.49	1.28	3.7	18.26	1.90
3	3	**Mayfair Super Markets**	1115.3	26¼	⅞	19¼	1.53	12.6	0.26	none	0.0	3.86	4.99
459	237	**Maytag**	56.1	32⅜	9⅛	20	1.79	11.2	0.82	0.90	4.5	5.43	3.68
472	493	**MCA**	54.9	64½	22⅞	43⅞	1.52	28.9	1.17	0.68	1.5	21.42	2.05
358	614	**McCormick & Co**	73.6	29	14⅛	26¼	1.47	17.9	0.53	0.56	2.1	12.02	2.18
921	802	**McDermott Intl**	–38.2	33⅛	13	15⅜	–0.76	def	0.25	1.00	6.5	19.95	0.77
208	174	**McDonald's**	116.0	61⅛	18⅛	45⅛	3.31	13.6	1.59	0.56	1.2	15.44	2.92
616	559	**McDonnell Douglas**	28.3	91⅛	47⅝	76	7.66	9.9	0.21	2.56	3.4	76.71	0.99
579	534	**McGraw-Hill**	37.6	84½	34	58⅛	3.71	15.7	1.55	1.84	3.2	17.11	3.40
531	879	**MCI Communications**	45.2	24	5⅛	20⅞	0.91	22.9	1.06	none	0.0	4.73	4.41
418	577	**McKesson**	61.8	40⅛	16¼	32¼	2.23	14.5	0.19	1.44	4.5	16.65	1.94
1013	929	**MCorp**	–97.2	29¼	¼	11/16	–14.24	def	0.02	none	0.0	16.53	0.05
990	874	**MDC Holdings**	–74.0	22½	2⅞	3⅛	–2.96	def	0.08	none	0.0	12.17	0.26
227	92	**Mead**	107.7	49½	13⅝	40¼	5.24	7.7	0.57	0.76	1.9	19.85	2.03
597	NR	**Medco Containment**	33.2b	18¾	5¾	12¼	0.52	23.6	1.03	0.04	0.3	5.32	2.30
132	101	**Media General**	149.3	50½	13	35⅜	1.74	20.3	1.35	0.40	1.1	12.34	2.87
305	NR	**Medtronic**	85.8	108½	24½	77⅛	6.78	11.1	1.44	1.20	1.6	29.72	2.60
951	783	**Mellon Bank**	–50.5	72½	22¾	25¼	–13.55	def	0.23	1.40	5.5	32.06	0.79
249	497	**Melville**	99.6	84	30¾	69⅝	5.72	12.2	0.58	2.10	3.0	26.83	2.60
557	560	**Mercantile Bancorp**	41.6	37⅛	15¾	25¼	0.73	34.6	0.60	1.40	5.5	26.41	0.96
302	299	**Mercantile Stores**	86.4	53⅜	16⅛	41	3.56	11.5	0.69	0.80	2.0	23.68	1.73
52	42	**Merck**	256.0	74⅜	13	53⅝	2.86	18.7	3.64	1.48	2.8	5.37	9.99
574	371	**Meredith**	38.6	43¼	19½	30½	1.89	16.1	0.80	0.64	2.1	18.90	1.61
281	382	**Meridian Bancorp**	91.3	27⅝	9½	20¼	1.88	10.8	0.71	1.10	5.4	15.61	1.30
973	887	**Meritor Financial**	–62.2	13⅛	3⅞	4¼	–3.62	def	0.09	none	0.0	16.23	0.26
858	829	**Merrill Lynch**	–18.4	46¾	19½	26⅛	1.73	15.1	0.27	1.00	3.8	29.61	0.88
NR	NR	**Fred Meyer**	NA	17⅞	9½	15¼	1.42	10.7	0.17	none	0.0	9.88	1.54
NR	NR	**MGM/UA Commun**	NA	19	5¾	12	–0.97	def	0.89	none	0.0	5.33	2.25
NR	NR	**Michigan Consolidated**	NA	40	36¼	36½	4.40	8.3	0.31	3.15	8.6	23.72	1.54
94	143	**Michigan National**	183.6	52¼	10¾	47½	5.91	8.0	0.70	2.00	4.2	34.34	1.38
NR	NR	**Microsoft**	NA	79¼	10½	46¼	2.49	18.6	3.72	none	0.0	7.00	6.61
684	873	**Middle South Utils**	15.9	16¼	7¾	15½	1.60	9.7	0.91	0.80	5.2	22.13	0.70
437	175	**Midlantic**	59.8	52⅛	21¼	37¾	5.28	7.1	0.82	1.64	4.3	30.66	1.23
508	522	**Midwest Energy**	48.1	26	11	19¼	1.94	9.9	0.73	1.56	8.1	12.11	1.59
728	288	**Herman Miller**	8.8	31	13¾	19½	1.80	10.8	0.64	0.52	2.7	10.16	1.92
149	NR	**Millipore**	140.4	46½	12⅞	34¼	1.92	17.8	1.58	0.36	1.1	11.86	2.89
540	412	**Minn Mining & Mfg**	43.9	83½	34⅝	59⅜	4.83	12.3	1.30	2.12	3.6	22.24	2.67
323	NR	**Minnesota Power & Lt**	81.0	35¼	11⅞	23¾	2.08	11.4	1.53	1.72	7.2	16.51	1.44
961	869	**Mitchell Energy**	–56.4	25½	8¼	10¼	0.04	256.3	0.83	0.24	2.3	12.00	0.85
NR	NR	**MMR Holding**	NA	22½	13	17⅛	1.67	10.3	0.16	none	0.0	6.40	2.68
109	124	**MNC Financial**	167.4	50⅞	14¾	46⅛	5.70	8.1	0.70	1.90	4.1	32.43	1.42
522	540	**Mobil**	46.5	55	23⅛	42⅛	5.13	8.2	0.34	2.40	5.7	40.80	1.03
730	NR	**Molex**	8.7	56½	21	34¼	2.46	13.9	1.64	0.03	0.1	13.49	2.54

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Sources: Forbes; William O'Neill & Co.

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
614	388	Monarch Capital	28.5%	91¼	28⅞	45⅛	$3.39	13.3	0.36	none	0.0%	$51.69	0.87
549	336	Monsanto	42.8	100¼	40⅝	75⅛	8.19	9.2	0.65	$3.00	4.0	52.65	1.43
672	641	Montana Power	18.3	43⅜	16⅝	34¼	2.99	11.6	1.15	2.68	7.7	31.75	1.09
412	594	Moore Corp	62.3	27⅝	11⅝	23	1.82	12.6	0.85	0.80	3.5	12.69	1.81
220	281	JP Morgan & Co	110.0	53⅝	14⅛	35⅜	5.23	6.8	0.87	1.50	4.2	26.57	1.33
769	NR	Morgan Products Ltd	1.6[a]	30¾	10½	15½	1.34	11.6	0.30	none	0.0	9.62	1.61
NR	NR	Morgan Stanley	NA	85⅞	38¼	75⅜	12.27	6.1	0.51	1.00	1.3	40.44	1.86
446	555	Morrison	58.3	24⅛	9½	20½	1.57	13.0	0.52	0.60	2.9	9.32	2.20
606	572	Morrison-Knudsen	30.7	55⅝	25⅞	36¾	−9.27	def	0.20	1.48	4.0	32.84	1.12
509	225	Morton Thiokol	48.0	54¾	20	37⅞	3.34	11.3	0.74	0.92	2.4	22.38	1.69
869	530	Motorola	−20.5	74	29⅛	36⅛	3.27	11.0	0.59	0.76	2.1	23.27	1.55
162	NR	Multimedia	135.7[a]	76	18⅞	71	1.55	45.8	1.80	none	0.0	−51.52	NE
831	480	Munford	−11.5	37⅞	12¾	16⅝	−0.19	def	0.16	none	0.0	12.53	1.33
773	695	Murphy Oil	0.4	42¾	20⅜	29⅝	−1.44	def	0.69	1.00	3.4	22.15	1.34
363	167	Nacco Industries	72.5	40¾	14	28¼	4.65	6.1	0.43	0.56	2.0	23.27	1.21
746	705	Nalco Chemical	6.0	45½	21	32⅞	2.54	12.9	1.34	1.32	4.0	11.41	2.88
72	97	Nash Finch	218.2	27½	6⅞	26¼	1.95	13.5	0.14	0.64	2.4	12.97	2.02
99	15	Nashua	178.6	42	10	35	3.23	10.8	0.34	0.48	1.4	21.89	1.60
197	107	National City	122.0	38¼	11½	30½	2.97	10.3	0.87	1.44	4.7	19.64	1.55
952	729	Natl Convenience	−51.6	18½	6	8⅛	0.01	812.5	0.17	0.36	4.4	3.32	2.45
209	150	National Fuel Gas	115.4	24	8⅛	17¾	1.65	10.8	0.60	1.26	7.1	15.21	1.17
964	848	National Intergroup	−57.1	37⅝	10¼	15	−3.64	def	0.11	none	0.0	32.14	0.47
815	776	National Medical	−8.2	32⅞	16⅛	21⅛	2.02	10.5	0.48	0.68	3.2	13.11	1.61
942	426	Natl Semiconductor	−47.2	22¼	8¼	8¼	0.07	117.9	0.34	none	0.0	8.74	0.94
421	280	National Service	61.6	28⅝	10½	20⅞	1.75	11.9	0.73	0.76	3.6	10.31	2.02
904	819	National-Standard	−32.8	18	5⅛	11	1.29	8.5	0.17	none	0.0	17.32	0.64
743	NR	National Western Life	6.6	23	6¾	12⅛	1.83	6.6	0.11	none	0.0	25.86	0.47
966	724	Navistar Intl	−57.6	13⅝	3⅛	4⅞	0.74	6.6	0.31	none	0.0	2.46	1.98
161	117	NBD Bancorp	136.0	40⅛	13⅛	35½	4.60	7.7	0.78	1.48	4.2	28.29	1.25
168	NR	NCH Corp	132.6	46	16½	41⅞	3.55	11.8	0.73	0.72	1.7	20.00	2.09
289	297	NCNB	89.9	29⅛	11½	26	2.38	10.9	0.80	1.00	3.8	17.87	1.46
414	102	NCR	62.1	87¼	20⅝	51⅞	5.26	9.9	0.71	1.24	2.4	25.73	2.02
NR	NR	Neiman Marcus Group	NA	45½	11¾	15	−0.22	def	0.40	0.20	1.3	7.99	1.88
628	519	New England Electric	26.3	35¼	14⅜	24⅝	−0.57	def	0.94	2.04	8.3	21.41	1.15
700	659	NY State E&G	13.7	38½	14¾	22⅞	1.76	13.0	0.99	2.00	8.7	19.85	1.15
309	104	New York Times	84.8	49⅝	10⅞	25⅞	1.96	13.2	1.22	0.48	1.9	10.04	2.58
50	NR	Newell Co	259.3	29⅝	6⅝	27⅝	1.88	14.7	0.32	0.60	2.2	11.68	2.37
577	663	Newmont Mining	37.9[e]	102¼	15½	35	1.82	19.2	4.85	0.60	1.7	−6.81	NE
857	778	Niagara Mohawk Power	−18.3	25½	11⅛	12⅞	0.99	13.0	0.61	1.20	9.3	13.82	0.93
682	772	Nicor	16.0	33⅞	19	30¾	3.40	9.0	0.62	1.88	6.1	18.69	1.65
200	826	NIKE	119.8	34⅜	6⅝	31⅞	3.57	8.9	0.79	0.60	1.9	11.09	2.87
814	837	Nipsco Industries	−7.7	15⅛	8	13½	1.03	13.1	0.66	0.60	4.4	13.13	1.03
979	906	NL Industries	−63.5	17	3⅜	5¾	−0.05	def	0.23	0.20	3.5	−22.19	NE
401	NR	Noland	65.8	27¼	11½	21	1.77	11.9	0.17	0.44	2.1	24.37	0.86
76	66	Nordstrom	207.7	40¾	6¾	27½	1.33	20.7	1.03	0.22	0.8	6.55	4.20
576	616	Norfolk Southern	38.4	38¼	16⅛	29⅛	3.43	8.5	1.23	1.32	4.5	26.48	1.10
891	721	Nortek	−26.8	19¼	5	9⅛	−0.03	def	0.10	0.10	1.1	14.63	0.62
861	NR	Northeast Savings FA	−19.0	28	6¼	8	−2.83	def	0.06	0.60	7.5	33.17	0.24
379	391	Northeast Utilities	69.4	28¼	10⅝	20¾	1.89	11.0	1.02	1.76	8.5	16.53	1.26
369	284	No States Power	71.7	40⅛	16⅞	32⅝	3.23	10.1	1.05	2.12	6.5	21.89	1.49
863	NR	Northern Telecom	−19.2	24¼	12⅝	15¾	1.36	11.6	0.73	0.28	1.8	9.84	1.60
196	168	Northern Trust	122.5	51	18¾	44½	1.54	28.9	0.71	1.24	2.8	24.20	1.84
699	661	Northrop	13.9	56⅝	23¾	32¾	4.79	6.8	0.26	1.20	3.7	20.23	1.62
337	394	No'western Natl Life	77.7	36½	17⅜	30⅞	2.90	10.6	0.25	1.12	3.6	35.05	0.88
642	636	Norton	22.5	64	30¾	45⅝	3.99	11.4	0.67	2.00	4.4	25.00	1.82
554	554	Norwest	42.2	35¼	14⅜	31⅞	4.30	7.4	0.59	1.33	4.2	22.18	1.44
264	NR	Noxell	96.0	33¾	7⅞	18½	1.22	15.2	1.46	0.46	2.5	5.26	3.52
504	451	Nucor	49.1	49½	17⅜	42½	3.12	13.6	0.88	0.40	0.9	20.19	2.10
658	803	NWA	20.7	76	30⅝	54	3.47	15.6	0.29	0.90	1.7	52.32	1.03
214	255	Nynex	113.0	78⅜	29⅜	65½	6.48	10.1	1.04	4.04	6.2	45.65	1.43
761	617	Occidental Petroleum	3.0	39⅝	22¼	25⅝	1.37	18.7	0.37	2.50	9.8	23.96	1.07
329	367	Ogden	79.2	44⅝	12⅛	27	1.55	17.4	1.10	1.10	4.1	10.40	2.60

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
510	455	**Ogilvy Group**	47.8%	45¼	15	25¼	$2.18	11.6	0.45	$0.88	3.5%	$12.71	1.99
488	373	**Ohio Casualty**	52.3	49¼	17½	34¾	3.32	10.5	0.48	1.88	5.4	27.86	1.25
499	551	**Ohio Edison**	50.0	23¼	9⅜	18⅜	1.88	9.8	1.38	1.96	10.7	17.39	1.06
565	NR	**Ohio Mattress**	40.3	16¼	7¼	13	0.92	14.1	0.66	0.40	3.1	7.21	1.80
481	490	**Oklahoma G&E**	53.6	38¾	19⅛	32¼	3.42	9.4	1.25	2.28	7.1	20.11	1.60
206	NR	**Old Kent Financial**	117.7	26⅞	14⅝	22¼	3.11	7.2	0.75	0.92	4.1	17.64	1.26
766	548	**Old Republic Intl**	1.8	36⅝	18	24½	4.37	5.6	0.40	0.74	3.0	30.13	0.81
502	504	**Olin**	49.6	60	25⅛	46	4.36	10.6	0.46	1.80	3.9	31.81	1.45
25	NR	**Olsten**	362.5	30½	4⅛	21¾	1.32	16.5	0.54	0.20	0.9	5.00	4.35
NR	NR	**Omnicom Group**	NA	28¾	15⅜	19⅞	1.56	12.7	0.57	0.98	4.9	8.11	2.45
924	740	**Oneok**	–40.6	44	9⅝	18⅛	1.51	12.0	0.44	none	0.0	22.44	0.81
541	464	**Orange & Rockland**	43.7	40	19¼	30	3.25	9.2	0.80	2.26	7.5	22.45	1.34
941	762	**Orion Capital**	–46.8	40¼	11	14¾	2.94	5.0	0.16	0.76	5.2	17.50	0.84
772	NR	**Orion Pictures**	0.9	19½	5½	13⅜	0.57	23.9	0.53	none	0.0	8.53	1.60
928	NR	**Oshkosh Truck**	–41.0[a]	33	11½	11½	1.73	6.6	0.29	0.40	3.5	11.45	1.00
674	630	**Outboard Marine**	17.6	38½	16¼	29¼	3.74	7.8	0.35	0.80	2.7	26.67	1.10
228	NR	**Owens & Minor**	106.6	15¼	5	14	0.99	14.1	0.17	0.26	1.9	8.51	1.65
NR	NR	**Owens-Corning**	NA	32⅜	8⅞	21¼	4.27	5.0	0.30	none	0.0	–20.23	NE
935	715	**Oxford Industries**	–44.6	20⅜	9⅛	10	–0.88	def	0.17	0.50	5.0	10.40	0.96
604	612	**Paccar**	30.7	42¾	19¼	37¾	4.59	8.2	0.46	1.00	2.6	22.34	1.69
901	NR	**PACE Membership**	–31.6[a]	21½	3⅞	10	0.43	23.3	0.12	none	0.0	7.53	1.33
755	386	**Pacific Enterprises**	3.8	61¼	30¾	37⅝	3.74	10.1	0.42	3.48	9.2	27.11	1.39
670	621	**Pacific G&E**	18.5	27⅞	12	17⅝	1.44	12.2	0.94	1.40	7.9	18.68	0.94
627	691	**Pacific Resources**	26.3	17⅜	5⅝	12½	0.78	16.0	0.24	0.20	1.6	10.05	1.24
215	316	**Pacific Telesis**	112.6	34½	13¼	29½	2.57	11.5	1.32	1.76	6.0	18.47	1.60
546	472	**PacifiCorp**	43.4	39	21	35⅛	3.94	8.9	1.10	2.64	7.5	26.04	1.35
936	880	**PaineWebber Group**	–44.6	39⅛	13⅛	15½	0.93	16.7	0.19	0.52	3.4	26.29	0.59
503	NR	**Pall**	49.3	35	13⅝	27⅝	1.55	17.8	2.39	0.40	1.4	8.65	3.19
986	705	**Pan Am**	–69.2	9½	2⅜	2½	–1.92	def	0.09	none	0.0	–1.75	NE
NR	NR	**Panhandle Eastern**	NA	34¾	18¼	24¾	–1.89	def	0.98	2.00	8.1	19.15	1.29
712	306	**Parker-Hannifin**	12.1	49	16⅞	26⅝	2.22	12.0	0.55	0.84	3.2	17.36	1.53
659	439	**Penn Central**	20.7	34¼	18⅜	22⅝	1.06	21.2	1.08	0.05	0.2	23.21	0.97
NR	NR	**Penn Traffic**	NA	15⅜	12¼	12⅞	1.42	9.1	0.10	none	0.0	3.29	3.91
325	340	**JC Penney**	80.1	66	22⅜	51	4.67	10.9	0.45	none	0.0	30.15	1.69
361	444	**Pennsylvania P&L**	73.3	43⅜	19½	35¾	3.73	9.6	1.21	2.76	7.7	26.28	1.36
272	586	**Pennwalt**	94.4	95½	31½	78¾	4.03	19.5	0.86	2.40	3.0	37.83	2.08
221	323	**Pennzoil**	109.9	95	30¾	71⅜	–5.56	def	1.31	3.00	4.2	7.67	9.31
456	355	**Pentair**	56.5	35¾	14½	30	3.79	7.9	0.36	0.67	2.2	18.95	1.58
NR	NR	**People's Bank**	NA	9⅝	7⅝	7¾	NA	NA	0.09	0.64	8.3	NA	NA
229	425	**Peoples Energy**	106.4	26¾	9⅛	20⅛	2.31	8.7	0.59	1.52	7.6	14.27	1.41
156	47	**Pep Boys**	137.5	18⅞	3⅞	11⅞	0.62	19.2	1.08	0.10	0.8	4.36	2.72
77	134	**PepsiCo**	205.9	43⅝	11½	39	2.74	14.2	0.83	0.84	2.2	9.63	4.05
646	798	**Perini**	22.1b	37½	20⅛	33⅞	4.39	7.7	0.12	0.80	2.4	35.56	0.95
895	800	**Perkin-Elmer**	–29.4	41⅛	17⅞	20¾	1.67	12.4	0.80	0.68	3.3	16.15	1.28
934	727	**Perry Drug Stores**	–44.2	20⅞	5¼	6	–3.08	def	0.09	none	0.0	7.17	0.84
713	440	**Petrie Stores**	12.1	40	13⅜	15⅝	0.83	18.2	0.61	0.20	1.3	11.51	1.36
485	518	**Pfizer**	52.8	77	29⅜	54⅝	4.68	11.7	1.70	2.00	3.7	23.60	2.31
343	583	**Phelps Dodge**	75.7	56	12⅞	44⅜	11.45	3.9	0.64	1.60	3.6	35.99	1.23
808	816	**PHH Corp**	–5.9	45	18	33⅞	1.31	25.7	0.34	1.12	3.3	18.82	1.80
587	676	**Philadelphia Elec**	35.7	26	9	19½	2.44	8.0	1.22	2.20	11.3	17.20	1.13
122	106	**Philip Morris Cos**	153.7	124½	31⅛	91	9.58	9.5	0.88	4.50	4.9	28.83	3.16
203	207	**Philips Industries**	118.8	23⅞	5¼	17½	1.57	11.1	0.60	0.52	3.0	7.60	2.30
378	720	**Phillips Petroleum**	69.6	22⅜	8¼	19½	2.29	8.5	0.42	0.72	3.7	7.05	2.77
600	206	**Phillips-Van Heusen**	31.9	26½	6½	11⅞	1.36	8.7	0.18	0.28	2.4	2.48	4.79
976	902	**PHM Corp**	–63.1	27	6⅛	9⅛	0.12	76.0	0.21	0.12	1.3	9.14	1.00
323	NR	**Piedmont Natural Gas**	81.0	26¼	11¾	23¾	2.76	8.6	0.61	1.48	6.2	14.98	1.59
NR	NR	**Pilgrim's Pride**	NA	15⅜	3⅝	5¾	–0.34	def	0.26	0.06	1.0	3.00	1.92
75	173	**Pillsbury**	207.9	61¾	16½	56	0.82	68.3	0.77	1.20	2.1	15.67	3.57
864	674	**Pinnacle West**	–19.4	32¾	14½	15⅝	2.17	7.2	0.97	2.80	17.9	26.62	0.59
768	623	**Pioneer Hi-Bred Intl**	1.7	43¾	23¼	30½	1.94	15.7	1.11	1.04	3.4	17.11	1.78
133	105	**Pitney Bowes**	149.0	50¼	13⅜	40⅝	1.30	31.3	1.34	0.92	2.3	13.35	3.04
692	833	**Pittston**	15.2	18⅛	8½	16⅛	–3.00	def	0.40	none	0.0	10.33	1.56

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287	416	**PNC Financial**	90.1%	51	18⅛	40¾	$4.08	10.0	1.00	$1.88	4.6%	$24.74	1.65
230	406	**Polaroid**	106.0	44⅛	12⅛	34½	0.42	82.1	1.34	0.60	1.7	17.34	1.99
620	NR	**Pope & Talbot**	27.7	27¼	7½	17	2.54	6.7	0.42	0.50	2.9	11.47	1.48
397	517	**Portland General**	66.0	36¾	13	22	1.54	14.3	1.35	1.96	8.9	18.92	1.16
450	578	**Potlatch**	57.9	41⅞	12⅞	30	3.75	8.0	0.77	1.04	3.5	22.20	1.35
248	170	**Potomac Electric**	100.0	29⅝	9⅝	21⅞	2.12	10.3	1.54	1.38	6.3	12.60	1.74
219	161	**PPG Industries**	111.5	53½	12½	36⅞	4.17	8.8	0.74	1.36	3.7	18.43	2.00
19	NR	**Precision Castparts**	386.4	40½	5⅝	32¾	2.09	15.7	1.27	0.08	0.2	9.53	3.44
NR	NR	**Premark Intl**	NA	36¼	17½	28⅛	3.36	8.4	0.40	0.60	2.1	19.68	1.43
984	774	**Premier Bancorp**	–67.1	20½	3⅞	4⅞	–2.55	def	0.30	none	0.0	12.25	0.40
331	NR	**Premier Industrial**	79.0	33⅛	11¼	27¼	1.53	17.8	2.16	0.40	1.5	6.71	4.06
873	NR	**Preston**	–21.2	24	7⅞	16¾	0.00	NA	0.17	0.50	3.0	19.00	0.88
177	220	**Price Co**	128.6	55¾	11⅞	37	1.93	19.2	0.45	none	0.0	7.74	4.78
790	860	**Prime Computer**	–3.5	31	11¾	17	1.01	16.8	0.57	none	0.0	10.54	1.61
691	393	**Primerica**	15.2	53½	20⅛	27	4.43	6.1	0.33	1.60	5.9	25.00	1.08
570	539	**Procter & Gamble**	39.3	103½	45⅝	79¼	6.23	12.7	0.67	2.80	3.5	37.42	2.12
174	36	**Progressive**	129.3	38½	8⅞	24⅝	3.07	8.0	0.59	0.40	1.6	13.74	1.79
516	618	**Provident Life & Acc**	46.9	28¾	12	19¼	1.43	13.4	0.33	0.68	3.5	21.96	0.88
555	815	**PS Group**	42.0	38¼	15	30⅞	7.38	4.2	0.75	0.60	1.9	34.80	0.89
673	881	**PSI Holdings**	18.3	18⅝	6⅞	13¾	2.51	5.5	0.71	none	0.0	6.60	2.08
729	658	**Public Service Colo**	8.8	24¼	16	20⅛	2.60	7.7	0.62	2.00	9.9	16.35	1.23
969	917	**Public Service NH**	–59.8	12⅞	2¼	4⅝	–2.49	def	0.29	none	0.0	2.23	2.07
957	789	**Public Service NM**	–54.2	39¼	11⅝	11⅝	–0.37	def	0.61	1.52	13.1	25.68	0.45
427	457	**Pub Svc Enterprise**	60.7	32⅛	13½	24⅜	2.54	9.6	1.17	2.04	8.4	18.54	1.31
605	626	**Puget Sound P&L**	30.7	25¼	9¼	18⅝	2.15	8.7	1.31	1.76	9.4	15.50	1.20
65	35	**Quaker Oats**	238.1	61½	13⅜	49⅞	3.29	15.2	0.72	1.20	2.4	15.76	3.16
803	733	**Quaker State**	–5.0	31¾	12⅞	16⅝	0.48	34.6	0.54	0.80	4.8	12.15	1.37
59	222	**Quantum Chemical**	243.8	108¼	22¾	94⅛	12.47	7.5	0.77	3.00	3.2	35.03	2.69
671	365	**Questar**	18.5	46⅜	23	31¼	0.80	39.1	1.21	1.88	6.0	24.48	1.28
104	46	**Ralston Purina**	173.9	94	25	76	5.63	13.5	0.88	1.50	2.0	13.70	5.55
830	669	**Ramada**	–11.4	11	4	8¾	0.04	218.8	0.65	none	0.0	7.56	1.16
562	417	**Raychem**	40.9	54⅞	15⅞	36⅝	3.36	10.9	1.16	0.32	0.9	19.68	1.86
449	511	**Raytheon**	58.3	84⅞	34¾	68¼	7.11	9.6	0.56	2.00	2.9	27.31	2.50
139	NR	**Reebok International**	146.4[a]	25¼	2⅞	11½	1.44	8.0	0.72	0.30	2.6	5.20	2.21
NR	NR	**Reliance Group**	NA	11½	4½	4¾	0.74	6.4	0.10	0.32	6.7	4.13	1.15
348	442	**Republic New York**	75.2	57¾	21	42⅝	4.09	10.4	0.65	1.20	2.8	33.77	1.26
NR	NR	**Rexene**	NA	23¾	16	16⅞	NA	NA	0.74	0.60	3.6	0.00	NA
780	693	**Reynolds & Reynolds**	–1.9	41½	13	19⅝	1.68	11.7	0.62	0.76	3.9	17.38	1.13
123	68	**Reynolds Metals**	153.2	61¾	13	50	7.65	6.5	0.51	1.00	2.0	29.69	1.68
NR	NR	**Richfood Holding**	NA	10¼	7⅞	8¼	NA	NA	0.08	0.20	2.4	NA	NA
545	429	**Riggs National**	43.4	41½	13½	24⅜	1.56	15.6	0.67	1.10	4.5	22.18	1.10
458	259	**Rite Aid**	56.2	46¼	17½	34¾	2.40	14.5	0.53	0.74	2.1	13.81	2.52
57	191	**RJR Nabisco**	245.7[c]	89⅞	21⅛	84	5.60	15.0	1.14	2.20	2.6	24.41	3.44
820	704	**RLC**	–8.6	12⅛	4⅝	10⅝	0.92	11.5	0.70	0.20	1.9	6.64	1.60
845	726	**Roadway Services**	–14.9	45¾	23¼	29¼	1.67	17.5	0.57	1.10	3.8	16.45	1.78
996	878	**HH Robertson**	–80.4	48½	9	9	–5.34	def	0.14	none	0.0	17.15	0.52
767	768	**AH Robins**	1.7	29⅝	5½	22½	–68.15	def	0.59	none	0.0	–64.73	NE
771	741	**Rochester G&E**	1.4	29⅞	12¼	17¾	1.58	11.2	0.72	1.50	8.5	16.99	1.04
448	NR	**Rochester Telephone**	58.3	52	27½	47⅞	3.59	13.3	1.12	2.72	5.7	28.54	1.68
696	380	**Rockwell Intl**	14.4	30⅞	11½	18⅞	3.04	6.2	0.42	0.72	3.8	12.00	1.57
435	217	**Rohm & Haas**	59.9	53¼	16	32⅜	3.37	9.6	0.87	1.12	3.5	15.78	2.05
558	178	**Rohr Industries**	41.3	39	12¾	25⅞	1.85	14.0	0.50	none	0.0	21.34	1.21
332	456	**Rollins**	78.9[b]	22¾	6⅞	17	1.05	16.2	1.07	0.52	3.1	2.45	6.94
278	516	**Rorer Group**	92.1	48¼	16	38¾	1.81	21.4	1.22	0.80	2.1	12.86	3.01
866	80	**Rose's Stores**	–19.7	23	7	7⅝	0.55	13.9	0.11	0.16	2.1	9.49	0.80
944	NR	**Ross Stores**	–47.9[a]	20¼	3⅝	9⅜	0.73	12.8	0.39	none	0.0	4.16	2.25
147	108	**Rubbermaid**	141.5	35	8¼	23⅝	1.31	18.0	1.49	0.44	1.9	5.94	3.98
376	334	**Ruddick**	70.3	22⅞	10	21½	1.89	11.4	0.18	1.32	6.1	13.48	1.59
297	NR	**Russell**	88.3	20½	5⅝	16⅛	1.29	12.5	1.23	0.24	1.5	7.16	2.25
657	506	**Ryder System**	20.7	43	12¾	22¾	1.59	14.3	0.36	0.56	2.5	16.73	1.36
357	341	**Rykoff-Sexton**	73.8	32⅜	10⅛	28¼	1.95	14.5	0.23	0.68	2.4	17.40	1.62
593	652	**Ryland Group**	34.3	33	6⅜	17⅞	2.67	6.7	0.27	0.50	2.8	10.50	1.70

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
368	236	**Safeco**	71.9%	38	13½	23¾	$3.46	6.9	0.56	$1.08	4.5%	$21.39	1.11
584	468	**St Paul Cos**	36.4	60	19	41¼	6.77	6.1	0.55	2.00	4.8	36.96	1.12
888	830	**Salomon**	–25.9	59⅜	16⅝	23⅜	1.51	15.6	0.55	0.64	2.7	23.22	1.02
290	349	**San Diego G&E**	89.2	42½	17⅝	37⅛	3.22	11.5	1.00	2.60	7.0	22.25	1.67
NR	332	**Santa Fe Southern**	NA	27¾	14¼	17⅛	–0.56	def	0.72	0.10	0.6	33.39	0.51
68	86	**Sara Lee**	229.8	51½	12½	42⅞	2.94	14.6	0.44	1.44	3.4	14.73	2.91
296	240	**Savannah Foods**	88.5	37½	16½	37	2.04	18.1	0.28	0.96	2.6	17.93	2.06
1008	933	**Savin**	–95.0	9⅛	⅛	¼	–0.02	def	0.04	none	0.0	–1.73	NE
347	397	**Scana**	75.4	42⅞	17¼	31⅛	2.87	10.8	1.18	2.40	7.7	21.63	1.44
404	370	**SCEcorp**	64.2	38¾	17⅛	32⅝	3.78	8.6	1.16	2.48	7.6	23.13	1.41
93	214	**Schering-Plough**	184.6	59⅜	16½	53	3.32	16.0	2.05	1.60	3.0	12.90	4.11
905	835	**Schlumberger**	–33.0	55	26	33½	2.46	13.6	1.86	1.20	3.6	14.09	2.38
49	NR	**A Schulman**	261.1	45	9⅛	37¾	3.09	12.2	0.56	0.48	1.3	13.97	2.70
17	NR	**Schultz Sav-O Stores**	403.7	17	2⅞	17	1.91	8.9	0.06	0.17	1.0	10.87	1.56
NR	NR	**Charles Schwab**	NA	17	5¾	6⅞	NA	NA	0.42	none	0.0	5.89	1.17
848	656	**SCI Systems**	–15.8	23⅛	6⅞	12⅝	0.95	13.3	0.31	none	0.0	7.27	1.74
883	NR	**Scientific-Atlanta**	–23.3	20¼	7¼	11½	1.28	9.0	0.54	0.12	1.0	9.90	1.16
164	77	**Scott Paper**	134.8	43½	12⅝	37⅛	5.07	7.3	0.60	0.80	2.2	21.44	1.73
840	856	**Scotty's**	–14.0	18⅛	10	12¼	0.30	40.8	0.32	0.52	4.2	12.21	1.00
NR	NR	**EW Scripps**	NA	18⅛	14½	16⅛	0.38	42.4	1.05	0.30	1.9	6.72	2.40
950	645	**Seagate Technology**	–50.5	45¾	4	6⅞	0.18	38.2	0.25	none	0.0	8.89	0.77
476	223	**Seagram**	54.5	82⅜	30	56	6.24	9.0	1.63	1.20	2.1	47.03	1.19
735	640	**Sears, Roebuck**	7.7	59½	26	40	3.84	10.4	0.29	2.00	5.0	35.89	1.11
154	301	**Seaway Food Town**	138.5	17	5½	15½	3.94	3.9	0.09	0.36	2.3	9.52	1.63
560	361	**Security Pacific**	41.2	43⅞	19	36	3.73	9.7	0.49	1.96	5.4	28.00	1.29
473	NR	**Selective Insurance**	54.7	27½	12¼	24¾	4.66	5.3	0.48	1.24	5.0	19.82	1.25
237	144	**Sequa**	104.1	88⅜	24¼	61¾	4.67	13.2	0.41	0.60	1.0	57.39	1.08
463	NR	**Service Corp Intl**	55.5	31⅞	9	16⅛	1.35	11.9	1.41	0.48	3.0	11.85	1.36
783	913	**Service Merchandise**	–2.3	18¾	3	15¾	1.60	9.8	0.18	0.08	0.5	9.21	1.71
751	795	**Shaklee**	4.8	28	11⅜	22	1.65	13.3	0.47	0.80	3.6	19.26	1.14
217	109	**Shaw Industries**	111.6	30¾	5½	22¾	2.34	9.7	0.33	0.66	2.9	10.21	2.23
533	447	**Shawmut National**	45.0	55½	18¼	24¼	3.00	8.1	0.66	1.36	5.6	20.40	1.19
NR	NR	**Shearson Lehman**	NA	34⅛	12½	19⅞	0.23	86.4	0.18	0.75	3.8	17.70	1.12
274	216	**Sherwin-Williams**	93.3	38½	11⅛	25⅜	2.31	11.0	0.58	0.64	2.5	12.57	2.02
NR	460	**Shoney's**	NA	9	6¾	7	1.46	4.8	0.34	4.00	57.1	8.29	0.84
270	241	**Signet Banking**	94.7	38⅜	15⅝	32	5.34	6.0	0.66	1.40	4.4	20.62	1.55
884	876	**Skyline**	–23.9	21	11⅛	13½	1.22	11.1	0.45	0.48	3.6	12.57	1.07
822	300	**AO Smith**	–9.0	32⅛	10⅜	17¾	1.31	13.5	0.15	0.80	4.5	27.97	0.63
977	912	**Smith International**	–63.3	21⅜	1¼	7¾	0.92	8.4	0.68	none	0.0	3.95	1.96
4	17	**Smithfield Foods**	717.1	20½	1½	17⅝	1.96	9.0	0.16	none	0.0	5.41	3.26
517	580	**SmithKline Beckman**	46.9	72¾	25	41½	1.70	24.4	1.10	1.84	4.4	12.74	3.26
171	200	**Snap-on Tools**	130.9	46½	13½	35½	2.63	13.5	1.77	1.00	2.8	10.97	3.24
199	141	**Society**	120.2	40	14⅜	32¾	4.06	8.1	0.77	1.36	4.2	26.93	1.22
852	731	**Sonat**	–16.7	43⅛	21⅜	27⅜	2.30	11.9	0.81	2.00	7.3	26.39	1.04
125	155	**Sonoco Products**	152.3	33½	9½	27¾	1.91	14.5	0.77	0.72	2.6	8.68	3.20
842	882	**Soo Line**	–14.2	36⅞	12¼	22⅝	1.78	12.7	0.37	none	0.0	26.68	0.85
178	NR	**South Carolina Natl**	128.0	27⅝	9¾	23⅜	2.50	9.3	0.95	0.64	2.7	16.29	1.43
572	453	**Southeast Banking**	39.0	31⅜	14⅝	22	3.81	5.8	0.52	1.00	4.5	22.07	1.00
609	566	**Southern Company**	30.5	29	14⅜	21⅜	2.50	8.6	0.92	2.14	10.0	20.89	1.02
454	446	**So N England Telecom**	56.5	61½	27¾	54	4.89	11.0	1.08	3.00	5.6	34.88	1.55
987	615	**Southmark**	–71.2	14	2	2¼	–4.91	def	0.03	none	0.0	7.68	0.29
210	NR	**SouthTrust**	115.0	25¾	8⅞	21⅛	2.61	8.1	0.88	0.88	4.2	15.89	1.33
907	854	**Southwest Airlines**	–34.3	31	11¾	17⅞	1.61	11.1	0.68	0.14	0.8	16.43	1.09
460	311	**Southwest Gas**	55.9	26¾	10⅝	19⅞	2.17	9.2	0.70	1.34	6.7	15.72	1.26
243	351	**Southwestern Bell**	101.9	45½	18⅜	39⅝	3.33	11.9	1.41	2.48	6.3	27.26	1.45
580	536	**Southwestern Pub Svc**	37.3	37⅞	17	27⅛	2.50	10.8	1.40	2.20	8.1	14.88	1.82
525	575	**Sovran Financial**	46.0	44½	16⅞	31⅛	3.95	7.9	0.84	1.52	4.9	22.01	1.41
NR	NR	**Spiegel**	NA	16¼	6¼	8	0.85	9.4	0.35	0.12	1.5	5.34	1.50
NR	NR	**Sprague Technologies**	NA	20	7⅛	11½	0.71	16.2	0.42	none	0.0	16.77	0.69
515	558	**Springs Industries**	47.2	38¾	15⅜	29¼	2.58	11.3	0.29	1.00	3.4	28.64	1.02
355	NR	**SPS Technologies**	74.1	47¾	19½	42⅞	1.43	30.0	0.51	1.00	2.3	33.10	1.30
625	651	**SPX**	26.8	39⅝	19¾	33¾	2.62	12.9	0.49	1.20	3.6	23.41	1.44

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Sources: Forbes; William O'Neill & Co.

Rank		Company	5-year price change	1984-88 price range		Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
88	87			high	low								
697	590	Square D	14.1%	65½	31⅛	45⅝	$4.14	11.0	0.78	$2.00	4.4%	$24.57	1.86
100	93	Squibb	178.4	102⅞	18⅞	63½	4.11	15.5	2.48	1.60	2.5	14.81	4.29
NR	NR	SSMC	NA	31⅜	11½	19¼	0.24	80.2	0.20	none	0.0	29.54	0.65
226	374	Std Commercial	108.1	24⅛	7⅛	18½	1.31	14.1	0.18	0.48	2.6	17.92	1.03
NR	NR	Standard Fedl Bank	NA	11	4⅝	8¼	1.89	4.4	0.30	0.40	4.8	11.56	0.71
251	NR	Standard Products	98.9	44¾	7¼	26¼	3.23	8.1	0.54	0.80	3.0	13.71	1.91
293	70	Standard Register	88.9	28½	7⅜	14⅞	1.29	11.5	0.67	0.48	3.2	9.11	1.63
340	476	Standard Shares	76.3	105	53	95	6.60	14.4	0.34	none	0.0	61.31	1.55
440	NR	Standex International	59.1	24	11	21⅞	1.21	18.1	0.57	0.60	2.7	13.71	1.60
34	NR	Stanhome	319.7	21¾	4⅜	18⅝	1.83	10.2	0.78	0.58	3.1	6.68	2.79
536	532	Stanley Works	44.5	36⅝	13	26¼	2.30	11.4	0.60	0.96	3.7	14.59	1.80
58	94	State Street Boston	244.8	36⅛	7⅛	25	2.43	10.3	1.04	0.52	2.1	12.90	1.94
930	NR	Statesman Group	–41.8	6⅞	2⅞	3¼	0.01	224.1	0.05	none	0.0	4.62	0.70
NR	NR	Sterling Chemicals	NA	17¾	14⅞	14⅞	3.56	4.2	1.28	none	0.0	1.29	11.53
134	561	Stewart & Stevenson	148.4	27⅞	6⅜	25¼	2.44	10.3	0.44	0.20	0.8	12.04	2.10
204	88	Stone Container	118.2	39⅞	8	29	4.86	6.0	0.47	0.36	1.2	12.39	2.34
1004	934	Storage Technology	–89.0	14⅝	1	1½	0.09	16.7	0.43	none	0.0	1.02	1.47
236	91	Strawbridge	104.2	51⅞	15	33	3.14	10.3	0.28	1.10	3.3	24.39	1.35
70	122	Student Loan	226.0	89½	21	81½	5.04	16.2	1.44	0.80	1.0	12.41	6.57
956	813	Subaru of America	–53.7	39	4⅞	4⅞	–0.96	def	0.14	none	0.0	5.51	0.88
900	461	Sun Company	–31.4	73⅛	36	30	0.11	272.7	0.35	1.80	6.0	48.87	0.61
NR	NR	Sun Microsystems	NA	20⅜	5⅝	13¾	0.98	14.1	0.77	none	0.0	5.11	2.69
764	764	Sundstrand	2.1	64½	34⅜	49¾	–0.34	def	0.64	1.80	3.6	32.32	1.54
734	NR	SunTrust Banks	7.8[a]	27¾	15½	20⅝	2.32	8.9	0.95	0.68	3.3	12.92	1.60
242	65	Super Food Services	103.1	29⅛	7¾	25⅞	2.02	12.8	0.11	0.44	1.7	11.67	2.22
548	875	Super Rite Foods	43.0	27¼	6	20⅜	1.35	15.1	0.15	0.24	1.2	7.42	2.75
492	514	Super Valu Stores	51.3	30⅜	11¾	22⅛	1.64	13.5	0.17	0.50	2.3	9.07	2.44
307	604	Sysco	85.6	41½	12⅞	33⅞	2.03	16.7	0.31	0.36	1.1	12.05	2.81
471	187	Talley Industries	54.9	24⅜	7⅞	14¼	0.15	95.0	0.38	0.30	2.1	10.41	1.37
NR	NR	Talman Home Federal	NA	13½	5¾	8⅜	2.59	3.2	0.15	0.20	2.4	30.45	0.28
266	313	Tambrands	95.7	71⅛	23⅜	57	3.86	14.8	2.26	2.04	3.6	14.11	4.04
833	375	Tandem Computers	–12.5	37⅝	6½	15⅜	0.96	16.0	1.12	none	0.0	7.74	1.99
796	846	Tandy	–4.0	56½	23¼	41⅝	3.53	11.8	0.97	0.60	1.4	18.10	2.30
119	NR	TBC Corp	157.1	15¼	3½	12	1.44	8.3	0.26	none	0.0	5.16	2.33
NR	NR	TCF Financial	NA	17¾	6⅝	10¼	–8.31	def	0.13	0.40	3.9	19.72	0.52
334	244	TECO Energy	78.6	27⅞	12	24	2.04	11.8	1.33	1.42	5.9	13.98	1.72
416	526	Tecumseh Products	61.9	160	78½	146½	12.84	11.4	0.75	3.20	2.2	105.25	1.39
939	756	Tektronix	–46.6	43¼	19¾	19⅞	–0.34	def	0.40	0.60	3.0	17.67	1.12
53	26	Tele-Communications	251.9	30¼	5¼	23¾	0.03	791.7	1.68	none	0.0	5.20	4.57
276	276	Teledyne	93.2[c]	390	147¼	323⅛	38.94	8.3	1.12	4.00	1.2	169.35	1.91
375	443	Temple-Inland	70.3	68½	20¼	44⅝	6.63	6.7	0.72	0.84	1.9	33.52	1.33
677	600	Tenneco	17.4	62½	32⅜	48⅛	0.13	370.2	0.52	3.04	6.3	25.44	1.89
865	845	Tesoro Petroleum	–19.6	20⅞	7½	11¼	–2.04	def	0.14	none	0.0	13.13	0.86
621	734	Texaco	27.2	52½	23½	45⅝	–15.47	def	0.32	3.00	6.6	37.76	1.21
238	686	Texas Air	103.8	51½	5⅝	13½	–19.89	def	0.07	none	0.0	10.46	1.29
1014	918	Texas American Bcsh	–99.0	42⅞	⅛	⅜	–38.47	def	0.01	none	0.0	16.32	0.02
825	806	Texas Eastern	–10.3	41⅜	20½	26⅛	2.96	8.8	0.41	1.00	3.8	24.12	1.08
763	725	Texas Industries	2.5	44½	21⅜	29½	0.85	34.8	0.40	0.80	2.7	22.12	1.33
882	749	Texas Instruments	–23.2	80¼	28¾	35½	4.03	8.8	0.46	0.72	2.0	19.40	1.83
640	632	Texas Utilities	22.6	37½	20¾	28½	4.31	6.6	1.10	2.88	10.1	33.02	0.86
551	362	Textron	42.5	39¾	12⅞	23¼	2.88	8.1	0.29	1.00	4.3	25.34	0.92
639	NR	Thomas & Betts	22.8	67¾	28¼	45¾	3.36	13.6	1.56	1.84	4.0	17.07	2.68
809	818	Thorn Apple Valley	–6.3	8¾	3¾	7½	1.08	6.9	0.04	none	0.0	9.69	0.77
1010	927	TIE/Communications	–95.4	28⅜	1⅛	1¼	–0.72	def	0.17	none	0.0	4.20	0.30
235	653	Tiger International	104.3	17¾	3⅝	11¾	1.85	6.4	0.31	none	0.0	0.63	18.65
179	352	Time Inc	127.8[b]	122½	33¾	97⅜	4.88	20.0	1.28	1.00	1.0	21.60	4.51
380	253	Times Mirror	69.3	52⅞	14⅛	31¾	2.25	14.1	1.27	0.92	2.9	11.32	2.80
828	692	Timken	–11.2	41⅜	19¾	28¾	1.76	16.3	0.55	0.80	2.8	32.89	0.87
1005	932	Todd Shipyards	–91.6	39½	1⅝	2⅝	–4.76	def	0.03	none	0.0	13.41	0.20
97	41	Torchmark	179.5[c]	38½	9¼	29⅞	2.96	10.1	1.02	1.20	4.0	13.47	2.22
120	429	Toro	154.8	24⅞	6½	19¾	1.84	10.7	0.33	0.48	2.4	7.27	2.72
917	926	Tosco	–37.5	5⅛	1	3⅛	0.75	4.2	0.10	none	0.0	1.26	2.48

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 88	Rank 87	Company	5-year price change	1984-88 price range high	1984-88 price range low	Recent price	Latest 12-mo earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/book value
198	202	**Toys "R" Us**	120.3%	42¾	14⅛	35¼	$1.67	20.5	1.23	none	0.0%	$8.87	3.97
770	568	**Transamerica**	1.6	51½	20⅞	31⅝	4.34	7.3	0.31	$1.88	5.9	31.84	0.99
853	775	**Transco Energy**	–16.9	63½	18	31⅛	–0.28	def	0.31	1.36	4.3	26.36	1.19
731	510	**Travelers**	8.7	59½	25½	34½	–1.45	def	0.19	2.40	7.0	45.50	0.76
965	NR	**Triangle Industries**	–57.6b	29	7¼	10⅛	–29.20	def	0.01	none	0.0	2.71	3.74
140	215	**Tribune**	145.7	49¾	12	37⅝	2.50	15.1	1.24	0.76	2.0	14.35	2.62
647	521	**Trinity Industries**	21.9	37⅞	12½	28½	1.17	24.4	0.68	0.50	1.8	11.37	2.51
273	164	**Trinova**	94.2	44¼	12⅞	25	2.44	10.2	0.46	0.64	2.6	18.49	1.35
686	NR	**Trustcorp**	15.6	42⅜	20⅛	26	3.55	7.3	0.67	1.50	5.8	24.11	1.08
756	627	**TRW**	3.6	70	29¼	41¼	4.48	9.2	0.35	1.72	4.2	23.27	1.77
594	NR	**Tucson Electric**	34.2	65	32⅜	51	5.05	10.1	2.37	3.90	7.6	30.84	1.65
841	643	**Turner**	–14.1	31⅜	14¾	16¾	0.76	22.0	0.02	1.30	7.8	11.61	1.44
645	687	**Turner Broadcasting**	22.1	16⅜	5½	14½	–3.42	def	0.86	none	0.0	–5.01	NE
NR	NR	**TW Services**	NA	27⅛	9¼	22⅜	1.33	16.8	0.31	0.10	0.4	9.27	2.41
241	NR	**20th Century Inds**	103.1	29⅝	7⅜	16⅛	1.83	8.8	0.70	0.36	2.2	7.44	2.17
21	21	**Tyco Laboratories**	378.6	38⅜	6½	33½	2.15	15.6	0.69	0.28	0.8	8.15	4.11
963	690	**Tyler**	–56.9	18⅛	5¼	6¼	1.40	4.5	0.14	0.06	1.0	10.34	0.60
6	2	**Tyson Foods**	621.6	25½	2	15⅞	1.27	12.5	0.53	0.04	0.3	4.20	3.78
114	262	**UAL**	161.9	105⅞	28	96¼	38.11	2.5	0.23	none	0.0	51.49	1.87
457	628	**UGI**	56.3	32	16½	27¾	3.03	9.2	0.64	2.14	7.7	21.34	1.30
511	488	**UNC**	47.7	13¾	3	8⅛	0.73	11.1	0.32	none	0.0	6.51	1.25
349	283	**Union Bank**	75.0	36⅝	14½	26¼	3.48	7.5	0.58	1.08	4.1	25.92	1.01
680	427	**Union Camp**	16.4	48⅛	20½	32	3.92	8.2	0.85	1.24	3.9	20.24	1.58
656	629	**Union Carbide**	20.7e	33⅛	10⅞	25⅛	3.87	6.5	0.42	0.80	3.2	9.43	2.68
311	408	**Union Electric**	84.5	31¼	12	23¾	2.67	8.9	1.20	2.00	8.4	17.98	1.32
651	670	**Union Pacific**	21.2	86⅝	34¼	61½	5.23	11.8	1.04	2.20	3.6	36.35	1.69
NR	NR	**Union Texas Petrol**	NA	[illegible]	5¾	10⅜	0.70	14.8	0.76	0.20	1.9	1.56	6.65
494	229	**Unisys**	51.1	48⅜	14⅞	25⅜	3.64	7.0	0.41	1.00	3.9	23.09	1.10
23	4	**United Artists**	369.8	32¼	4⅜	25¼	0.94	26.9	1.23	none	0.0	2.89	8.74
874	739	**United Banks of Colo**	–21.3	35½	13¼	13⅞	1.08	12.8	0.37	none	0.0	25.25	0.55
88	23	**United Brands**	187.9	19⅞	3½	14⅞	1.55	9.6	0.17	0.20	1.3	9.69	1.54
1015	922	**United Financial**	–99.6	11	1/32	1/32	–39.88	def	0.00	none	0.0	–5.10	NE
706	NR	**United HealthCare**	13.3b	15⅞	2⅝	4¼	–2.63	def	0.15	none	0.0	2.60	1.63
669	718	**United Illuminating**	18.8	36¼	9	24½	4.21	5.8	0.66	2.32	9.5	31.58	0.78
518	132	**United Jersey Banks**	46.9	32½	11⅛	21⅜	2.56	8.4	0.97	1.06	4.9	15.47	1.40
989	864	**United Merchants**	–73.3	21½	2¾	3⅜	–0.03	def	0.05	none	0.0	6.81	0.50
362	331	**US Bancorp**	73.1	31¼	10½	24	2.63	9.1	0.74	1.00	4.2	20.95	1.15
523	569	**US Healthcare**	46.4	22⅞	3⅜	6	0.18	33.3	0.39	0.16	2.7	3.09	1.94
999	920	**US Home**	–82.6	13	1⅝	2	–1.10	def	0.11	none	0.0	4.40	0.45
649	650	**US Shoe**	21.6	34¾	11½	22⅞	0.36	63.5	0.46	0.46	2.0	11.74	1.95
406	499	**United Stationers**	63.9	28¼	13	22⅛	1.50	14.8	0.40	0.32	1.4	8.60	2.57
747	671	**United Technologies**	5.9	60½	28½	38⅜	5.21	7.4	0.28	1.60	4.2	32.90	1.17
294	649	**United Telecom**	88.8	44½	17⅜	39⅞	1.53	26.1	1.29	1.92	4.8	15.02	2.65
NR	NR	**Univar**	NA	28	9⅜	22⅝	1.69	13.4	0.16	0.40	1.8	11.08	2.04
365	230	**Universal**	72.4	36¾	15¼	29⅝	3.60	8.2	0.20	1.28	4.3	21.04	1.41
216	437	**Universal Foods**	112.0	34⅝	12½	24½	1.67	14.7	0.55	0.72	2.9	10.27	2.39
920	NR	**Universal Health**	–37.8	20⅛	3	6½	0.00	NA	0.17	1.40	21.5	10.15	0.64
705	714	**Unocal**	13.4	51	15⅝	35⅞	–0.74	def	0.48	1.00	2.8	15.15	2.37
NR	NR	**UNUM Corp**	NA	31⅜	15⅜	26¼	2.47	10.6	0.55	0.48	1.8	28.53	0.92
80	45	**Upjohn**	201.3	53¾	7½	29¾	1.85	16.1	2.07	0.88	3.0	8.95	3.32
247	356	**US West**	100.0	62	27⅞	55⅜	6.04	9.2	1.16	3.52	6.3	40.18	1.38
740	745	**USAir Group**	7.1	53½	22	34	3.74	9.1	0.28	0.12	0.4	43.90	0.77
723	545	**USF&G**	9.7	48¾	17⅝	30⅜	3.03	10.0	0.45	2.64	8.7	20.93	1.45
NR	232	**USG**	NA	7¼	5⅜	5⅜	1.92	2.8	0.11	none	0.0	11.76	0.46
498	525	**Uslico**	50.0	31⅜	15⅜	23	3.07	7.5	0.51	0.96	4.2	23.98	0.96
662	592	**USLife**	20.3	49½	23⅞	34¾	3.94	8.8	0.48	1.36	3.9	50.06	0.69
341	34	**UST Inc**	76.2	38½	14⅞	35⅛	2.72	12.9	3.20	1.48	4.2	7.28	4.82
838	582	**USX**	–13.6	39⅜	14½	26¼	1.94	13.5	0.44	1.40	5.3	18.26	1.44
613	585	**Utah Power & Light**	28.8	37¼	20⅜	30¾	2.75	11.2	1.78	2.32	7.5	18.46	1.67
252	277	**UtiliCorp United**	98.5	21⅞	8⅝	19	1.99	9.6	0.58	1.12	5.9	14.47	1.31
981	916	**Valero Energy**	–65.9	23⅞	4½	7⅛	–0.63	def	0.24	none	0.0	12.71	0.56
190	NR	**Valhi**	124.3	14⅝	1	10⅜	0.28	37.1	0.54	0.10	1.0	2.47	4.20

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Sources: Forbes; William O'Neill & Co.

Rank		Company	5-year price change	1984-88 price range		Recent price	Latest 12-mo earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Recent price/ book value
88	87			high	low								
724	414	Valley National	9.5%	50¼	20½	27¼	$0.83	32.8	0.48	$1.44	5.3%	$29.40	0.93
399	NR	Valmont Industries	66.0	22⅛	6¼	19½	2.28	8.6	0.17	0.33	1.7	12.26	1.59
106	NR	Valspar	169.0	40½	7⅝	23⅞	1.69	14.1	0.55	0.40	1.7	7.70	3.10
953	858	Varian Associates	–52.5	58½	18¼	26⅛	1.27	20.6	0.49	0.26	1.0	19.95	1.31
911	805	Varity Corp	–36.1	6⅛	1⅛	2⅞	0.34	8.5	0.26	none	0.0	1.49	1.93
304	142	VF	85.9	48¼	10⅞	28	2.64	10.6	0.75	0.84	3.0	14.43	1.94
NR	NR	Viacom	NA	30⅜	10	27⅛	NA	NA	1.24	none	0.0	9.81	2.77
15	NR	Village Super Market	458.6	24	3⅜	20¼	1.84	11.0	0.11	0.15	0.7	14.21	1.43
NR	NR	Vista Chemical	NA	61	17	44⅜	7.10	6.3	0.84	1.80	4.1	9.84	4.51
940	NR	Volt Info Sciences	–46.7	34¼	11¾	12	–0.08	def	0.17	none	0.0	14.10	0.85
NR	NR	Vons Cos	NA	13¾	6	12½	–0.23	def	0.12	none	0.0	5.69	2.20
160	209	Vulcan Materials	136.5	164	58	160½	13.34	12.0	1.60	3.92	2.4	54.80	2.93
NR	NR	VWR Corp	NA	28¼	8	20½	1.54	13.3	0.19	0.80	3.9	12.42	1.65
78	31	Wal-Mart Stores	203.8	42⅞	7⅝	29⅝	1.35	21.9	0.87	0.16	0.5	3.99	7.42
442	242	Walgreen	58.8	44⅞	14⅜	30⅜	2.10	14.5	0.38	0.68	2.2	10.12	3.00
991	903	Wang Laboratories	–77.2	37⅝	7½	8⅛	0.50	16.3	0.43	0.16	2.0	9.67	0.84
144	477	Warner Commun	142.8	39¼	8½	32⅝	2.53	12.9	1.02	0.56	1.7	9.13	3.57
142	172	Warner-Lambert	145.1	87½	28¾	72⅝	4.81	15.1	1.29	2.56	3.5	12.75	5.70
431	383	Washington Gas Light	60.5	30⅜	14¾	24⅞	2.52	9.9	0.64	1.88	7.6	18.80	1.32
121	NR	Washington Mutual	154.7	26⅞	3½	15	2.32	6.5	0.40	0.40	2.7	21.13	0.71
714	713	Washington National	11.8	37⅞	15⅝	27¼	–3.49	def	0.31	1.08	4.0	34.93	0.78
113	67	Washington Post	162.8	269	60¾	192½	23.05	8.4	1.82	1.56	0.8	47.80	4.03
67	154	Waste Management	232.1	48½	6⅞	38½	1.89	20.4	2.58	0.48	1.2	8.39	4.59
342	113	Weis Markets	76.0	41⅜	13⅜	28¼	1.77	16.0	1.12	0.50	1.8	9.97	2.83
64	98	Wells Fargo	238.2	71¼	15½	67	8.70	7.7	0.74	3.00	4.5	42.60	1.57
916	753	Wendy's Intl	–37.5	17¾	4⅛	5⅞	0.27	21.8	0.54	0.24	4.1	4.29	1.37
424	639	West Point-Pepperell	61.2	50½	17¼	41½	3.08	13.5	0.57	1.20	2.9	24.97	1.66
608	NR	Western Digital	30.6	32⅞	5⅞	11¾	1.54	7.6	0.38	none	0.0	9.26	1.27
NR	NR	Western Publishing	NA	24¾	8½	16½	1.33	12.4	0.63	none	0.0	7.02	2.35
938	51	Western S&L	–45.4	26⅝	3	3¼	0.08	42.7	0.05	none	0.0	6.04	0.54
1009	935	Western Union	–95.2	39¾	1⅝	1¾	–24.11	def	0.08	none	0.0	2.37	0.74
322	194	Westinghouse	81.3	75	19¾	49⅝	5.49	9.0	0.62	2.00	4.0	24.92	1.99
929	666	Westmoreland Coal	–41.7	27½	13½	14	–6.79	def	0.20	none	0.0	17.00	0.82
469	157	Westvaco	55.1	37½	14⅛	26⅞	3.10	8.7	0.82	0.92	3.4	18.15	1.48
128	267	Wetterau	150.3	26¼	8⅛	23⅝	1.69	14.0	0.13	0.56	2.4	8.79	2.69
738	728	Weyerhaeuser	7.2	40	16½	24⅛	2.56	9.4	0.64	1.20	5.0	16.99	1.42
937	888	Wheeling-Pittsburgh	–45.0	35⅝	5⅝	15¼	23.99	0.6	0.07	none	0.0	–84.95	NE
777	631	Whirlpool	–0.5	41½	18⅜	24⅛	2.12	11.4	0.39	1.10	4.6	18.83	1.28
191	738	Whittaker	123.6	44⅜	14½	41⅜	3.28	12.6	0.58	1.00	2.4	26.03	1.59
970	893	Wickes Cos	–60.5	35	6½	9⅝	0.17	56.6	0.13	none	0.0	24.85	0.39
294	492	Wicor	88.8	46	20¼	39⅞	4.32	9.2	0.37	2.68	6.7	31.36	1.27
280	491	Willamette Inds	91.6	64	14	42¼	6.32	6.7	0.65	1.20	2.8	24.24	1.74
721	573	Williams Cos	10.0	38	17⅝	30⅜	3.62	8.4	0.64	1.40	4.6	28.46	1.07
445	766	Wilson Foods	58.6	15	4¼	13⅞	0.65	21.3	0.11	none	0.0	7.65	1.81
563	508	Winn-Dixie Stores	40.7	59	25¾	40⅝	2.99	13.6	0.18	1.92	4.7	18.20	2.23
898	NR	Winnebago Industries	–31.1	20⅞	7	9⅛	0.11	83.0	0.54	0.40	4.4	6.25	1.46
256	294	Wisconsin Energy	97.3	32⅜	12⅞	27⅛	3.03	9.0	1.21	1.54	5.7	16.95	1.60
405	362	Wisconsin Public Svc	64.0	31½	12⅛	22¾	2.28	10.0	0.88	1.58	6.9	15.52	1.47
528	197	Witco	45.7	47⅜	18½	34¼	2.76	12.4	0.49	1.50	4.4	25.53	1.34
90	135	FW Woolworth	186.1	60¾	14⅞	50¼	4.24	11.9	0.41	1.64	3.3	26.44	1.90
402	268	Worthington Inds	65.5	25⅞	8	20⅞	1.46	14.3	0.91	0.44	2.1	7.04	2.97
428	343	WPL Holdings	60.5	30⅛	12⅞	22⅞	2.33	9.8	1.03	1.62	7.1	15.04	1.52
36	25	Wm Wrigley Jr	309.0	41¼	7½	35⅞	2.15	16.7	1.65	0.64	1.8	7.18	5.00
945	883	Wyman-Gordon	–47.9	32½	11¼	15¾	0.43	36.6	1.07	0.80	5.1	14.46	1.09
638	NR	Wyse Technology	23.2b	39¼	5⅞	8⅝	1.78	4.8	0.23	none	0.0	11.31	0.76
719	479	Xerox	10.4	85	33¼	54⅝	5.76	9.5	0.34	3.00	5.5	51.00	1.07
552	137	Yellow Freight Sys	42.4	42½	11⅝	30⅝	2.15	14.2	0.45	0.70	2.3	13.82	2.22
NR	NR	York International	NA	59¾	13½	53½	2.79	19.2	0.49	none	0.0	24.42	2.19
389	420	Zayre	67.9	43⅞	10⅞	24¾	0.12	def	0.31	0.40	1.6	13.03	1.90
948	732	Zenith Electronics	–50.4	38⅝	10	17⅝	–0.13	def	0.18	none	0.0	18.45	0.96
675	NR	Zenith National Insur	17.6	30½	9⅛	15½	2.24	6.9	0.67	0.80	5.2	12.62	1.23
292	597	Zurn Industries	89.0	30¾	10⅝	25¾	1.68	15.3	0.74	0.68	2.6	15.62	1.65

Note: Except as indicated, price changes are from Dec 31, 1983 to Nov 16, 1988. NR: Not ranked due to merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Three-year price change. b: Four year price change. c: Price change does not reflect the value of shares received in a spinoff. d: Does not include stock dividends given in another company as part of the dividend. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN PROFITABILITY

The five-year average return on equity of America's largest corporations rose to 13.9% last year, the best showing since 1984's results.

By Steve Kichen

IF ANYONE STILL DOUBTS that there is a difference between Wall Street and the real economy, the doubts stop here. The Dow is down 25% from its precrash high, but the five-year average return on equity of the 1,116 companies we report on in these pages jumped to an impressive 13.9%. The latest 12-month return on equity proved even better—14.1%—indicating that long-term profitability may climb even higher.

Firms increase their per-share book value by making money and repurchasing shares. An analysis by FORBES of book value growth over the past six years for all 1,116 companies shows that businesses have been incredibly consistent in maintaining year-to-year book value growth of 12% during this period. This means that earnings of the average company had to grow at least 12% a year just for a firm to maintain the same return on equity as in the previous year. Gains in profitability came from rising profits rather than shrinking book values.

Reebok International, a designer and marketer of athletic footwear, is once again the top-ranked corporation in long-term profitability. But note the latest 12-month profitability of 27.7%. Reebok's reign at the top won't last much longer. In fact, of the 100 top-ranked corporations, 77 firms show 12-month results below their long-term performance. Eight of the leading 100 companies, including former stars such as Subaru of America and Emerson Radio, are now losing money.

A number of the major businesses that either were acquired or sought the sanctuary of a leveraged buyout during the past year were companies that fell below the median performance of their peers. In FORBES' 40th Annual Report on American Industry *(Jan. 11, 1988),* for example, Firestone had a five-year average return on equity of 3.3% and a 12-month result of 6.4%, whereas the medians for the tire and rubber subindustry were at 5.9% and 11.1%, respectively. Bridgestone of Japan acquired Firestone in April 1988.

Contrarians might take interest in the bottom-ranked companies. Bethlehem Steel, for instance, has a negative five-year average return on equity, but over the last 12 months it earned 26.1%. Breakouts from a poor five-year pattern are no guarantee that a turnaround is at hand, but Bethlehem Steel, Amax, MA Hanna, Fluor, Copperweld and others may warrant a second look. ■

		Return on equity	
Company	rank	5-year average	Latest 12 months
Reebok Intl	1	200+%[b]	27.7%
Delta Woodside Inds	2	200+[a]	37.8
CenTrust Savings	3	150.6[b]	6.7
Anchor Glass	4	133.2[b]	5.1
Jepson	5	94.4[a]	19.3
Microsoft	6	73.9	43.2
Western S&L	7	69.6	1.3
Pilgrim's Pride	8	68.4[b]	def
Best Buy Co	9	60.2	3.1
Chrysler	10	59.4[b]	14.8
Western Publishing	11	58.4[a]	18.9
Carnival Cruise	12	58.0	29.4
Highland Superstrs	13	57.7	5.4
Liz Claiborne	14	54.8	29.8
Wyse Technology	15	52.4	15.7
Consolidated Stores	16	51.9	11.7
Sun Microsystems	17	46.6	22.4
First Capital Holding	18	45.8[b]	20.9
Limited	19	45.6	25.5
Hudson Foods	20	44.9	5.3
Harman Intl	21	44.7[a]	19.1
Mayfair Super Mkts	22	42.6	39.6
Price Co	23	42.4	24.9
United HealthCare	24	41.8	def
Affiliated Pubs	25	41.1	def
Kellogg	26	40.4	38.2
General Motors EDS	27	40.2	36.5
Envirodyne Inds	28	39.3[b]	34.6
Golden West Finl	29	39.2	16.4
[illegible]lhi	30	38.6[b]	11.3
ICH	31	38.5[b]	def
Rollins	32	38.4	48.1
Commerce Clearing	33	37.5	28.9
PSI Holdings	34	36.5	38.0
US Healthcare	35	36.3	5.8
Mark IV Industries	36	36.0	23.5
Columbia S&L	37	35.8	1.1
Wal-Mart Stores	38	35.8	33.8
Geico	39	35.7	26.0
Lockheed	40	35.5	32.1
Marsh & McLennan	41	35.4	38.2
Student Loan	42	35.4	40.6
Ralston Purina	43	35.2	41.1
Amer Home Prod	44	34.8	35.8
Molex	45	34.5	20.4
Oshkosh Truck	46	34.3	15.1
Circuit City Stores	47	34.3	28.8
Amer Continental	48	34.3	41.2
Dun & Bradstreet	49	34.2	23.6
General Cinema	50	34.1	19.7
Continental Info Sys	51	34.1	0.2
Morgan Products Ltd	52	33.5[b]	13.9
Deluxe Corp	53	33.3	28.6
Argonaut Group	54	33.1[a]	47.0
Progressive	55	33.0	22.3
UST Inc	56	31.8	37.4
Homestead Financial	57	31.8	def
Washington Post	58	31.3	48.2
Charming Shoppes	59	31.2	14.8
Bandag	60	30.7	49.9
Ford Motor	61	30.7	27.7
Subaru of America	62	30.7	def
Tyson Foods	63	30.7%	30.2%
Tambrands	64	30.6	27.4
Seagate Technology	65	30.5	2.2
Hasbro	66	30.4	8.6
Dow Jones	67	30.2	27.7
Abbott Laboratories	68	29.9	34.5
Food Lion	69	29.7	31.4
Compaq Computer	70	29.7[b]	45.6
Jefferson Smurfit	71	29.7	62.9
Cray Research	72	29.5	16.5
Standard Products	73	29.5	25.7
VF	74	29.4	18.3
Comdisco	75	29.3	3.6
SmithKline	76	28.8	13.3
JWP	77	28.7	22.2
Kelly Services	78	28.6	32.2
Marion Laboratories	79	28.4	46.1
Philip Morris Cos	80	28.4	33.2
Intergraph	81	27.7	15.4
Home Depot	82	27.4	22.3
Family Dollar Stores	83	27.4	17.9
Fin Cp Santa Barbara	84	27.3	5.6
EG&G	85	27.0	22.3
Manor Care	86	26.8	def
Emerson Radio	87	26.8	def
Maytag	88	26.7	33.0
Gap	89	26.4	23.1
Circus Circus	90	26.3	28.7
Himont	91	26.3[b]	30.6
CBS	92	26.2	93.6
Ryland Group	93	26.1	25.4
Bruno's	94	26.0	18.9
20th Century Inds	95	25.9	24.6
Apollo Computer	96	25.6	4.1
First Executive	97	25.6	12.3
Big Bear	98	25.4	17.7
Coca-Cola	99	25.2	31.4
General Dynamics	100	25.2	22.7
Reliance Group	101	25.2	17.9
Ecolab	102	25.2	9.7
First Amer Financial	103	25.1	9.4
Fuqua Industries	104	25.0	35.0
Natl Western Life	105	24.9	7.1
Merck	106	24.7	53.3
CVN Cos	107	24.6	8.1
General Host	108	24.6	def
USG	109	24.5	16.3
Equifax	110	24.5	26.1
Times Mirror	111	24.4	19.8
Bristol-Myers	112	24.3	25.0
Noxell	113	24.2	23.2
Fleetwood Enterpr	114	24.1	16.1
Pall	115	24.1	21.4
Humana	116	24.0	22.2
Philips Industries	117	24.0	20.7
Loews	118	23.9	28.7
MDC Holdings	119	23.9	def
Rite Aid	120	23.8	17.4
Rorer Group	121	23.5	14.1
Circle K	122	23.5	14.8
Precision Castparts	123	23.5	21.9
CDI Corp	124	23.4	27.4
First Union	125	23.4%	16.7%
H&R Block	126	23.3	23.8
New York Times	127	23.3	19.5
Tandy	128	23.3	21.1
Albany International	129	23.3[b]	23.8
Hartford Steam Boiler	130	23.3	31.6
American Stores	131	23.2	12.0
Burlington Coat	132	23.2	14.0
Dean Foods	133	23.2	17.8
Shaw Industries	134	23.2	24.1
Handleman	135	23.1	23.0
Eli Lilly	136	23.1	23.2
HJ Heinz	137	23.0	26.0
Apple Computer	138	22.9	46.5
Browning-Ferris Inds	139	22.8	23.8
Giant Food	140	22.8	24.1
Teledyne	141	22.7	23.0
Holly Corp	142	22.7	99.6
Melville	143	22.7	21.3
Gillette	144	22.6	44.8
McDonald's	145	22.6	21.4
PepsiCo	146	22.4	28.5
Nacco Industries	147	22.3	20.0
Rubbermaid	148	22.3	22.1
Jostens	149	22.3	59.0
Sequa	150	22.2	8.1
Marriott	151	22.2	27.4
Brunswick	152	22.2	25.0
IBM	153	22.1	13.7
Toys "R" Us	154	22.0	19.4
Walgreen	155	22.0	20.8
Time Inc	156	21.8	22.6
Herman Miller	157	21.8	19.1
Lomas Financial	158	21.8	def
Gannett	159	21.7	21.9
PH Glatfelter	160	21.7	26.7
Pfizer	161	21.5	19.8
McGraw-Hill	162	21.3	21.7
American Family	163	21.3	19.8
Dillard Dept Stores	164	21.3	14.8
Rockwell Intl	165	21.3	25.3
Waste Management	166	21.3	22.5
Fred Meyer	167	21.2	14.4
RJR Nabisco	168	21.2	22.9
Super Valu Stores	169	21.2	18.1
Squibb	170	21.2	27.8
ConAgra	171	21.1	20.9
Valspar	172	21.1	21.9
Olsten	173	21.1	26.4
Clorox	174	20.9	20.2
First Federal Mich	175	20.8[b]	4.9
Snap-on Tools	176	20.7	24.0
Leggett & Platt	177	20.7	17.0
Quaker Oats	178	20.6	19.9
Kraft	179	20.5	61.8
Shoney's	180	20.5	17.6
Anheuser-Busch Cos	181	20.5	24.1
Pitney Bowes	182	20.4	22.2
E-Systems	183	20.4	16.7
Marshall Industries	184	20.4	22.0
Morton Thiokol	185	20.4	15.8
CoreStates Financial	186	20.4	16.9

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN PROFITABILITY

		Return on equity	
Company	rank	5-year average	Latest 12 months
Premier Industrial	187	20.3%	24.0%
Sara Lee	188	20.2	21.0
Ogilvy Group	189	20.1	17.2
Intl Flavors & Frags	190	20.1	19.1
CR Bard	191	20.1	24.8
Shearson Lehman	192	20.0	1.3
Nalco Chemical	193	20.0	22.3
Albertson's	194	20.0	22.7
Stanhome	195	19.9	27.4
Hercules	196	19.8	7.5
State Street Boston	197	19.8	18.8
Interpublic Group	198	19.8	20.0
United Stationers	199	19.8	17.4
HON Industries	200	19.8	18.6
Martin Marietta	201	19.7	39.0
Worthington Inds	202	19.7	21.9
Great Lakes Chemical	203	19.6	23.8
Vista Chemical	204	19.6[a]	72.2
AMP	205	19.6	22.5
Southwestern Pub Svc	206	19.6	16.8
Consolidated Papers	207	19.5	23.9
Wm Wrigley Jr	208	19.5	29.9
A Schulman	209	19.5	22.1
James River Corp Va	210	19.4	10.7
Emerson Electric	211	19.4	19.8
Flowers Industries	212	19.3	21.9
Northern Telecom	213	19.3	13.8
Rohr Industries	214	19.3	9.5
Nordstrom	215	19.3	20.3
Ametek	216	19.3	13.8
Minn Mining & Mfg	217	19.3	21.7
Super Rite Foods	218	19.2	18.2
First Boston	219	19.2	11.0
Savannah Foods	220	19.1	11.4
Johnson & Johnson	221	19.1	27.5
Weis Markets	222	19.0	17.8
Hannaford Bros	223	19.0	19.4
Hechinger	224	19.0	13.4
Computer Associates	225	19.0[a]	24.6
First Wachovia	226	19.0	16.7
Spiegel	227	19.0	15.9
RR Donnelley & Sons	228	18.9	17.0
Tucson Electric	229	18.8	16.4
Torchmark	230	18.8	22.0
Old Kent Financial	231	18.8	17.6
Standard Register	232	18.8	14.2
Brown-Forman	233	18.8	18.8
CityFed Financial	234	18.8	def
Chicago Pacific	235	18.8	19.3
Raytheon	236	18.7	26.0
Aon	237	18.7	14.8
Universal	238	18.7	18.0
Sherwin-Williams	239	18.7	18.4
Northrop	240	18.7	23.7
NIKE	241	18.6	35.7
Loral	242	18.6	19.0
American Brands	243	18.6	22.3
GenCorp	244	18.6	NE
Southmark	245	18.6	def
Hershey Foods	246	18.5	25.0
Barnett Banks	247	18.5	16.9
Cooper Cos	248	18.5	def
AG Edwards	249	18.5%	9.8%
Masco	250	18.5	19.1
SouthTrust	251	18.5	16.4
Holly Farms	252	18.4	16.5
Medtronic	253	18.4	23.4
Pep Boys	254	18.4	14.2
Zayre	255	18.4	def
Automatic Data	256	18.3	18.8
Alexander & Baldwin	257	18.3	26.9
Yellow Freight Sys	258	18.3	15.6
Winn-Dixie Stores	259	18.3	16.6
Genuine Parts	260	18.3	22.7
Capital Cities/ABC	261	18.3	15.5
La-Z-Boy Chair	262	18.3	15.4
Westinghouse	263	18.3	22.0
Collins Foods Intl	264	18.2	13.6
UtiliCorp United	265	18.2	13.7
Kinder-Care	266	18.2	10.1
Sovran Financial	267	18.2	17.9
General Electric	268	18.1	17.2
Upjohn	269	18.1	20.7
Winnebago Industries	270	18.1	1.8
Shaklee	271	18.1	8.6
Hillenbrand Inds	272	18.0	22.5
PHM Corp	273	18.0	1.3
Equitable Resources	274	18.0	8.0
CPC International	275	17.9	26.3
PHH Corp	276	17.9	7.0
Midlantic	277	17.9	17.2
Ames Dept Stores	278	17.9	9.7
Dibrell Brothers	279	17.9	19.0
Hilton Hotels	280	17.9	20.0
Sonoco Products	281	17.8	22.0
Cardinal Distribution	282	17.8	22.5
Ethyl	283	17.8	23.6
Tyco Laboratories	284	17.7	29.4
Hubbell	285	17.7	19.5
Exxon	286	17.7	16.4
National Service	287	17.7	17.0
Farmers Group	288	17.7	19.1
Loctite	289	17.6	23.3
SCI Systems	290	17.6	13.9
Bausch & Lomb	291	17.6	16.2
Sysco	292	17.5	18.2
New England Electric	293	17.4	def
Potomac Electric	294	17.4	16.8
SunTrust Banks	295	17.4	18.0
Kaman	296	17.4	16.9
Ryder System	297	17.4	9.5
Harcourt Brace	298	17.4	NE
Ball Corp	299	17.4	14.2
Berkshire Hathaway	300	17.4	12.1
Newell Co	301	17.4	16.1
Fleet/Norstar Finl	302	17.4	14.6
Dover	303	17.3	20.9
Carolina Freight	304	17.3	4.7
Kimball International	305	17.3	15.3
PNC Financial	306	17.3	16.5
Meredith	307	17.3	10.5
Russell	308	17.3	18.0
Reynolds & Reynolds	309	17.3	9.7
Alaska Air Group	310	17.3	11.6
First of America Bank	311	17.3%	13.9%
TBC Corp	312	17.2	27.9
Citizens & Southern	313	17.2	17.9
Rohm & Haas	314	17.2	21.4
American Intl Group	315	17.2	20.7
Knight-Ridder	316	17.2	17.7
Thomas & Betts	317	17.1	19.7
Smithfield Foods	318	17.1	36.1
Curtice Burns Foods	319	17.1	18.7
Whirlpool	320	17.1	11.3
Pioneer Hi-Bred Intl	321	17.1	11.3
Lowe's Cos	322	17.0	10.3
Petrie Stores	323	17.0	7.5
Commonwealth En	324	17.0	10.6
Tribune	325	17.0	17.4
Mercantile Stores	326	17.0	15.0
Bancorp Hawaii	327	16.9	20.3
Banc One	328	16.9	18.5
Vulcan Materials	329	16.8	24.3
Getty Petroleum	330	16.8	30.1
Wetterau	331	16.8	19.2
Kansas Power & Light	332	16.8	14.5
Illinois Tool Works	333	16.7	21.4
Super Food Services	334	16.7	17.3
Dairy Mart	335	16.7	15.8
Laclede Gas	336	16.7	14.3
PPG Industries	337	16.7	22.6
Capital Holding	338	16.7	12.8
Eaton	339	16.7	19.5
Kellwood	340	16.6	19.3
Pillsbury	341	16.6	5.2
Helene Curtis Inds	342	16.6	13.2
Cincinnati Financial	343	16.6	18.8
Diebold	344	16.6	10.0
Minnesota P&L	345	16.6	12.6
Hewlett-Packard	346	16.5	17.2
Freeport-McMoRan	347	16.5	31.9
Square D	348	16.5	16.8
Rose's Stores	349	16.5	5.8
Old Republic Intl	350	16.5	14.5
Schultz Sav-O Stores	351	16.4	17.6
San Diego G&E	352	16.4	14.5
Western Digital	353	16.4	18.0
Ipalco Enterprises	354	16.4	14.9
Safeco	355	16.4	16.2
NCNB	356	16.3	13.3
General Motors	357	16.3	12.7
Central & So West	358	16.3	14.9
McCormick & Co	359	16.2	12.2
No States Power	360	16.2	14.8
Crestar Financial	361	16.2	13.4
Illinois Power	362	16.1	8.2
Longs Drug Stores	363	16.1	18.1
SCEcorp	364	16.1	16.3
WPL Holdings	365	16.1	15.5
Prime Computer	366	16.1	9.6
Wisconsin Energy	367	16.0	17.9
May Dept Stores	368	16.0	17.9
South Carolina Natl	369	16.0	15.3
Campbell Soup	370	16.0	14.0
Witco	371	16.0	10.8
Schering-Plough	372	16.0	25.7

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

Company	rank	Return on equity 5-year average	Return on equity Latest 12 months
Avery International	373	16.0%	10.5%
Baltimore G&E	374	16.0	15.9
El Paso Electric	375	16.0	6.8
United Jersey Banks	376	16.0	16.5
Household Intl	377	16.0	22.6
Dayton Hudson	378	15.9	11.6
Northeast Utilities	379	15.9	11.4
Florida Natl Banks	380	15.9	8.3
Peoples Energy	381	15.9	16.2
PacifiCorp	382	15.9	15.1
Dixie Yarns	383	15.9	11.1
Zenith National Ins	384	15.9	17.7
Marshall & Ilsley	385	15.9	16.2
Warner-Lambert	386	15.9	37.7
Goodyear	387	15.9	25.1
Salomon	388	15.9	6.5
Pentair	389	15.8	20.0
KeyCorp	390	15.8	12.2
Ohio Mattress	391	15.8	12.8
Dollar General	392	15.8	5.5
Centel	393	15.8	14.7
NCR	394	15.8	20.4
Arden Group	395	15.8	45.4
Service Corp Intl	396	15.8	12.1
Florida Progress	397	15.8	13.8
Commonwealth Ed	398	15.8	10.6
HF Ahmanson	399	15.7	10.3
HB Fuller	400	15.7	14.4
Dominion Bankshares	401	15.7	15.5
Shawmut National	402	15.7	14.7
Strawbridge	403	15.7	13.1
Boeing	404	15.7	11.6
Kimberly-Clark	405	15.6	23.0
Stanley Works	406	15.6	15.8
BayBanks	407	15.6	16.7
WW Grainger	408	15.6	18.3
Wisconsin Public Svc	409	15.6	14.7
AMR	410	15.5	13.1
Armstrong World Inds	411	15.5	17.9
National City	412	15.5b	15.1
Borden	413	15.5	18.0
Holiday	414	15.5	NE
Boston Edison	415	15.4	8.6
Ingles Markets	416	15.4b	12.4
CNA Financial	417	15.4	17.4
Texas Utilities	418	15.4	13.1
Ameritech	419	15.4b	16.5
FW Woolworth	420	15.4	16.0
Echlin	421	15.4	10.3
Boatmen's Bancshares	422	15.3	12.2
AmSouth Bancorp	423	15.3	13.1
Houston Industries	424	15.3	12.6
Dexter	425	15.3	12.8
Guilford Mills	426	15.3	14.3
Iowa-Illinois G&E	427	15.2	13.4
Alltel	428	15.2	21.1
Allegheny Power	429	15.2	13.8
Bank of New England	430	15.2	15.5
American Greetings	431	15.2	6.9
K mart	432	15.2	16.4
Arvin Industries	433	15.1	2.7
Signet Banking	434	15.1	25.9
Southern Company	435	15.1%	12.0%
Centerior Energy	436	15.1	10.1
Delchamps	437	15.1	13.6
Cooper Tire & Rubber	438	15.1	16.2
Bank of New York	439	15.1	17.4
Bindley Western Inds	440	15.1	3.9
Multimedia	441	15.1a	NE
Grumman	442	15.0	3.1
Coastal Corp	443	15.0	12.4
Willamette Inds	444	15.0	26.1
Ohio Edison	445	15.0	10.8
Nucor	446	15.0	15.5
Delmarva Power & Lt	447	15.0	12.3
GAF	448	15.0	16.8
Meridian Bancorp	449	15.0	12.0
Gt Western Financial	450	14.9	10.4
First American	451	14.9	8.9
Kentucky Central Life	452	14.9	10.0
Scana	453	14.9	13.3
Millipore	454	14.9	16.2
Coachmen Industries	455	14.9	2.8
Southwest Gas	456	14.8	13.8
BellSouth	457	14.8b	13.9
Longview Fibre	458	14.8	33.0
TECO Energy	459	14.8	14.6
Roadway Services	460	14.8	10.2
Union Electric	461	14.7	14.8
American Express	462	14.7b	16.8
Walt Disney	463	14.7	27.1
MNC Financial	464	14.7	17.6
Figgie Intl	465	14.6	18.0
First Tennessee Natl	465	14.6	11.9
Trinova	467	14.6	13.2
Jamesway	468	14.6	8.2
Detroit Edison	469	14.6	9.5
Uslico	470	14.6	12.8
Enron	471	14.6b	5.0
Bergen Brunswig	472	14.6	18.2
Cincinnati Bell	473	14.5	19.0
Masco Industries	474	14.5a	13.2
FMC	475	14.5b	NE
Bell Atlantic	476	14.5b	14.9
Moore Corp	477	14.5	14.3
Bowater	478	14.4	20.1
Healthco Intl	479	14.4	10.7
Monarch Capital	480	14.4	6.6
Duke Power	481	14.4	14.4
Carter-Wallace	482	14.4	15.8
Piedmont Natural Gas	483	14.4	18.4
Consolidated Edison	484	14.4	13.3
National Medical	485	14.4	15.8
Indiana National	486	14.4	13.1
Oxford Industries	487	14.3	def
Hanover Insurance	488	14.3	22.2
JP Morgan & Co	489	14.3	19.7
TRW	490	14.3	19.3
Procter & Gamble	491	14.3	17.5
Cincinnati G&E	492	14.3	11.9
Consol Natural Gas	493	14.2	12.5
PaineWebber Group	494	14.2	3.5
Computer Sciences	495	14.2	14.0
Fleming Cos	496	14.2	9.0
Toro	496	14.2%	24.8%
Mapco	498	14.2	19.4
Society	499	14.2	15.1
Tecumseh Products	500	14.2	12.2
Brooklyn Union Gas	501	14.2	13.7
Carolina Power & Lt	502	14.2	8.0
Universal Foods	503	14.1	16.2
Village Super Market	504	14.1	14.7
United Artists	505	14.1	32.5
Culbro	506	14.1	6.3
Nynex	507	14.1b	14.2
Rochester Telephone	508	14.1	12.6
Morrison	509	14.1	17.5
American Natl Ins	510	14.1	5.6
Phillips-Van Heusen	511	14.0	54.8
Provident Life & Acc	512	14.0	6.5
Lubrizol	513	14.0	11.3
Washington Gas Light	514	14.0	13.4
Alco Standard	515	14.0	18.6
Esselte Business Sys	516	14.0	13.4
USAir Group	517	14.0	8.5
Atlantic Energy	518	13.9	14.5
So N England Tele	519	13.9	14.0
Pinnacle West	520	13.9	8.2
Bankers Trust NY	521	13.9	26.2
Orange & Rockland	522	13.8	14.5
Oklahoma G&E	523	13.8	17.0
US West	524	13.8b	15.0
Johnson Controls	525	13.8	13.6
FPL Group	526	13.8	13.9
Ogden	527	13.8	14.9
Amoco	528	13.8	17.1
American General	529	13.8	10.0
General Re	530	13.8	18.1
Iowa Resources	531	13.7	9.5
Carlisle Cos	532	13.7	12.6
Southwestern Bell	533	13.7b	12.2
Nashua	534	13.7	14.8
SPX	535	13.7	11.2
Bemis	536	13.7	16.1
Pacific Telesis	537	13.7b	13.9
CalFed	538	13.6b	11.6
Louisville G&E	539	13.6	13.5
Litton Industries	540	13.5	15.7
First Fidelity Bncp	541	13.5b	11.2
Federal Paper Board	542	13.5	22.7
Consol Freightways	543	13.5	13.5
National Fuel Gas	544	13.5	10.8
Republic New York	545	13.5	12.1
Selective Insurance	546	13.5	23.5
Chubb	547	13.4	16.2
Owens & Minor	548	13.4	11.7
Ruddick	549	13.4	14.0
Contel	550	13.4	9.0
United Brands	551	13.3	16.0
American President	552	13.3b	11.8
Pub Svc Enterprise	553	13.3	13.7
Huntington Bshs	554	13.3	13.7
Washington Mutual	555	13.3b	11.0
Kansas City P&L	556	13.3	13.6
Scott Paper	557	13.3	23.6
Independent Ins	558	13.3	7.7

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN PROFITABILITY

Company	rank	Return on equity 5-year average	Return on equity Latest 12 months
McDonnell Douglas	559	13.3%	10.0%
Centex	560	13.2	7.7
Pacific G&E	561	13.2	7.7
Dominion Resources	562	13.2	14.2
Jerrico	563	13.2	8.3
Federal Express	564	13.2	15.1
Standard Shares	565	13.2	10.8
Crown Cork & Seal	566	13.2	14.4
Kemper	567	13.1	12.9
Intl Multifoods	568	13.1	10.0
Nash Finch	569	13.1	15.0
Tandem Computers	570	13.1	12.4
Kentucky Utilities	571	13.1	15.9
CILcorp	572	13.1	10.0
Public Service Colo	573	13.1	15.9
Sears, Roebuck	574	13.1	10.7
Fay's Drug	575	13.1	16.3
Security Pacific	576	13.0	13.3
Airborne Freight	577	13.0	5.6
Kaufman & Broad	578	13.0	14.4
Central Ill Pub Svc	579	13.0	14.0
Trustcorp	580	12.9	14.7
Parker-Hannifin	581	12.9	13.1
Raychem	582	12.8	18.8
Questar	583	12.8	3.3
Dennison Mfg	584	12.8	14.6
Kroger	585	12.8	18.6
Rochester G&E	586	12.8	9.3
JC Penney	587	12.8	15.5
Avon Products	588	12.8	def
Gulf States Utils	589	12.8	4.1
Dana	590	12.7	15.9
Alco Health Services	591	12.7[a]	14.0
Univar	592	12.7	15.3
Becton Dickinson	593	12.7	18.5
Durr-Fillauer	594	12.7	8.6
Emhart	595	12.7	14.2
Brown Group	596	12.7	12.0
Midwest Energy	597	12.7	16.0
Long Island Lighting	598	12.7	7.9
Wendy's Intl	599	12.7	6.3
Foremost Corp of Am	600	12.7	11.6
American Electric	601	12.6	13.7
NY State E&G	602	12.6	8.9
McKesson	603	12.6	13.4
Textron	604	12.6	11.4
Standex International	605	12.6	9.0
Jefferson-Pilot	606	12.6	7.1
Primerica	607	12.6	17.7
US Bancorp	608	12.6	12.6
Natl Convenience	609	12.6	0.3
Bank of Boston	610	12.6	11.7
US Shoe	611	12.6	3.1
Media General	612	12.5	14.1
Merrill Lynch	613	12.5	5.8
NBD Bancorp	614	12.5	16.3
Duquesne Light	615	12.5	11.0
Gt Am First Savings	616	12.5[b]	6.6
General Development	617	12.5	9.1
Gerber Products	618	12.5	14.3
Hartmarx	619	12.5	10.8
Arkla	620	12.4	9.2
Geo A Hormel	621	12.4%	16.2%
Temple-Inland	622	12.4[b]	19.8
Philadelphia Elec	623	12.4	14.2
Std Commercial	624	12.4	7.3
Blount	625	12.4	3.2
Commerce Bcshs	626	12.4	13.4
Lincoln National	627	12.4	5.5
Wicor	628	12.4	13.8
Federal-Mogul	629	12.3	13.8
Home Federal S&L	630	12.3[b]	12.4
First Bank System	631	12.3	11.4
Amdahl	632	12.3	25.5
Seagram	633	12.3	13.3
TW Services	634	12.2	14.3
Baxter International	635	12.2	10.1
Paccar	636	12.2	20.6
Bassett Furniture Ind	637	12.2	6.9
American Medical	638	12.2	11.1
American Cyanamid	639	12.1	16.2
Amer Water Works	640	12.1	10.8
Pennsylvania P&L	641	12.1	14.2
DPL	642	12.1	11.7
Niagara Mohawk Pwr	643	12.1	7.2
Digital Equipment	644	12.1	17.5
Public Service NM	645	12.0	def
Comerica	646	12.0	19.4
Union Texas Petrol	647	12.0[a]	44.9
Atlanta Gas Light	648	12.0	12.8
Transamerica	649	12.0	13.6
Central Hudson G&E	650	11.9	8.1
First Maryland Bncp	651	11.9	12.1
GTE	652	11.9	15.1
Briggs & Stratton	653	11.9	9.6
Southwest Airlines	654	11.9	9.8
Southeast Banking	655	11.9	18.8
Union Camp	656	11.8	19.4
Westvaco	657	11.8	17.1
Montana Power	658	11.8	9.4
Wells Fargo	659	11.8	20.4
Engelhard	660	11.7	7.8
Valmont Industries	661	11.7	18.6
EI du Pont	662	11.6	15.1
Interlake	663	11.6	17.9
Portland General	664	11.6	8.1
Marsh Supermarkets	665	11.5	13.4
Delta Air Lines	666	11.5	16.8
IE Industries	667	11.5	13.6
DeSoto	668	11.5	3.0
Dow Chemical	669	11.5	36.9
Harsco	670	11.4	15.4
Hawaiian Electric	671	11.4	10.5
Manufacturers Natl	672	11.3	9.2
Constar Intl	673	11.3	11.3
Utah Power & Light	674	11.3	14.9
Great A&P Tea	675	11.3	13.6
Ohio Casualty	676	11.3	11.9
Hospital Corp	677	11.3	13.9
United Technologies	678	11.3	15.8
Motorola	679	11.2	14.1
Pope & Talbot	680	11.2	22.1
Rykoff-Sexton	681	11.2	12.6
BMA Corp	682	11.2	5.3
Tyler	683	11.2%	13.5%
Pacific Enterprises	684	11.2	13.8
General Public Utils	685	11.1	15.6
Middle South Utils	686	11.1	7.2
Colgate-Palmolive	687	11.1	19.3
Unocal	688	11.1	def
Mead	689	11.0	26.4
Gt Northern Nekoosa	690	11.0	25.2
Chevron	691	10.9	13.1
Owens-Corning	692	10.9[b]	NE
Scotty's	693	10.9	2.5
Corning Glass Works	694	10.9	19.3
CalMat	695	10.8	13.3
MCA	696	10.8	7.1
Continental Corp	697	10.7	4.0
Hughes Supply	698	10.7	11.5
Edison Bros Stores	699	10.7	def
Air Prods & Chems	700	10.6	18.9
Atlantic Richfield	701	10.6	26.1
Turner	702	10.6	6.5
Omnicom Group	703	10.6[b]	19.2
NCH Corp	704	10.5	18.6
Archer-Daniels	705	10.5	14.5
Union Carbide	706	10.5	41.0
Lancaster Colony	707	10.5	16.0
GlenFed	708	10.4[a]	15.5
West Point-Pepperell	709	10.4	12.3
United Illuminating	710	10.4	13.3
Coleman	711	10.3	13.3
Stone Container	712	10.3	39.3
Quantum Chemical	713	10.3	35.6
Barnes Group	714	10.2	16.1
Zurn Industries	715	10.2	10.8
Mobil	716	10.2	12.6
Aetna Life & Cas	717	10.2	11.6
Ferro	718	10.2	16.9
Riggs National	719	10.2	7.0
Church's Fried	720	10.1	1.6
Central Maine Power	721	10.1	14.8
Caesars World	722	10.1	31.0
American Building	723	10.1	8.9
Travelers	724	10.1	def
Lincoln Electric	725	10.1	16.4
Greyhound	726	10.0	2.8
Nortek	727	10.0	def
Puget Sound P&L	728	9.9	13.9
Grow Group	729	9.9	def
Kansas Gas & Elec	730	9.9	10.5
Burlington Northern	731	9.9	8.2
Sundstrand	732	9.9	def
WR Berkley	733	9.9	22.4
Diversified Energies	734	9.9	13.3
Union Bank	735	9.9	13.4
Eastman Kodak	736	9.8	22.1
Danaher	737	9.8	35.8
Outboard Marine	738	9.8	14.0
Potlatch	739	9.8	16.9
Central Steel & Wire	740	9.8	21.8
No'western Natl Life	741	9.7	8.3
Universal Health	742	9.7	0.0
American Bankers	743	9.6	16.6
Mercantile Bancorp	744	9.6	2.8

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

Company	rank	Return on equity 5-year average	Return on equity Latest 12 months
Gulf & Western	745	9.6%	17.6%
USF&G	746	9.6	14.5
Georgia-Pacific	747	9.6	17.5
Equitable of Iowa	748	9.5	7.2
Tektronix	749	9.5	def
Valley National	750	9.4	2.8
Whittaker	751	9.4	12.6
Phillips Petroleum	752	9.4	32.5
Cooper Industries	753	9.3	12.8
Interco	754	9.3	11.5
Integrated Resources	755	9.3	6.8
ITT	756	9.2	13.8
Perkin-Elmer	757	9.2	10.6
Wang Laboratories	758	9.2	5.3
Oneok	759	9.2	6.7
Norfolk Southern	760	9.2	13.0
Xerox	761	9.1	11.3
American Tel & Tel	762	9.1[b]	15.0
Chesapeake	763	9.1	21.4
Harris Corp	764	9.0	7.0
General Signal	765	9.0	2.8
KN Energy	766	9.0	15.9
United Banks of Colo	767	8.8	4.3
Gibraltar Financial	768	8.8	def
RLC	769	8.8	13.9
Sun Company	770	8.8	0.2
Unisys	771	8.7	15.8
Monsanto	772	8.6	15.6
Michigan National	773	8.4	17.2
Alberto-Culver	774	8.4	20.8
Avnet	775	8.4	7.6
AmeriTrust	776	8.3	12.0
Perry Drug Stores	777	8.3	def
Lone Star Industries	778	8.1	4.7
Weyerhaeuser	779	8.1	15.0
Columbia Pictures	780	8.1	def
Seaway Food Town	781	8.0	41.4
Bell Industries	782	8.0	10.8
Advanced Micro	783	8.0	6.3
Springs Industries	784	8.0	9.0
Commercial Metals	785	8.0	16.6
USLife	786	8.0	7.9
Noland	787	8.0	7.3
SPS Technologies	788	7.9	4.3
Federal Natl Mortgage	789	7.9[b]	30.0
Beverly Enterpr	790	7.9	def
Texas Industr	791	7.9	3.9
Tele-Commun	792	7.8	0.6
Varian Associates	793	7.8	6.4
Quaker State	794	7.8	4.0
St Paul Cos	795	7.8	18.3
Wickes Cos	796	7.7[a]	0.7
NWA	797	7.7	6.6
Guy F Atkinson	798	7.7	def
Skyline	799	7.7	10.0
Pacific Resources	800	7.6	7.8
Pennzoil	801	7.6[b]	def
Craig	802	7.5	19.3
Kansas City Southern	803	7.5	5.9
American Capital	804	7.5[b]	def
Transco Energy	805	7.5	def
Pennwalt	806	7.4	10.7
Munford	807	7.4%	def
Texas Eastern	808	7.3	12.3%
Centerre Bancorp	809	7.3	7.1
Service Merchandise	810	7.3	17.4
UAL	811	7.3	74.0
Foster Wheeler	812	7.3	1.6
Santa Fe Southern	813	7.3	def
United Telecom	814	7.2	10.2
Foodarama Supermkts	815	7.2	15.6
First Wisconsin	816	7.2	16.8
DWG	817	7.1	28.9
IC Industries	818	7.1	17.3
Polaroid	819	7.0	2.4
Intel	820	7.0	31.8
Emery Air Freight	821	7.0	def
Mitchell Energy	822	7.0	0.3
Boise Cascade	823	6.9	18.3
Louisiana-Pacific	824	6.9	13.0
Medco Containment	825	6.8[a]	9.1
CNW	826	6.8	12.6
Fireman's Fund	827	6.8	15.6
Adolph Coors	828	6.7	4.7
Ashland Oil	829	6.7	19.2
Union Pacific	830	6.6	14.4
International Paper	831	6.5	16.3
Morrison-Knudsen	832	6.5	def
CSX	833	6.5	2.9
Northeast Savings FA	834	6.4[b]	def
Cummins Engine	835	6.4	def
Carson Pirie Scott	836	6.4	2.7
Cabot	837	6.4	10.6
Champion Intl	838	6.4	14.3
Irving Bank	839	6.4	8.1
First Interstate Bncp	840	6.4	def
Allied-Signal	841	6.3	14.1
Beneficial Corp	842	6.3	15.9
Premier Bancorp	843	6.3	def
Chemical Banking	844	6.3	44.5
Intermark	845	6.3	14.7
Volt Info Sciences	846	6.3	def
Occidental Petroleum	847	6.1	5.7
Newmont Mining	848	6.1	NE
Louisiana Land	849	6.0	def
Preston	850	5.9	0.0
Child World	851	5.9[a]	4.6
Carpenter Technology	852	5.9	9.5
Chase Manhattan	853	5.9	26.8
Honeywell	854	5.8	6.0
Bearings	855	5.7	12.7
Norwest	856	5.7	19.4
Dallas Corp	857	5.6	5.5
AO Smith	858	5.6	4.7
American Carriers	859	5.6	def
Imperial Corp of Am	860	5.6	15.0
First Security	861	5.6	8.3
Nipsco Industries	862	5.5	7.8
Manville	863	5.4	13.8
Wyman-Gordon	864	5.4	3.0
Columbia Gas System	865	5.4	6.0
American Maize	866	5.4	6.2
Alexander's	867	5.4	def
Fieldcrest Cannon	868	5.3	def
Alcoa	869	5.3%	20.1%
Warner Commun	870	5.3	27.7
Penn Central	871	5.2	4.6
Cigna	872	5.1	9.1
Crane	873	5.1	17.9
Scientific-Atlanta	874	5.1	13.8
Eagle-Picher Inds	875	5.0	20.4
American Petrofina	876	4.9	15.5
Zenith Electronics	877	4.9	def
Washington National	878	4.8	def
Atlantic Financial	879	4.7[b]	6.4
Ross Stores	880	4.7	17.5
Talley Industries	881	4.7	1.4
Hadson	882	4.6	5.0
Schlumberger	883	4.6	17.5
Olin	884	4.6	13.7
Amoskeag	885	4.6	def
Ingersoll-Rand	886	4.5	12.5
PS Group	887	4.5	21.2
Alcan Aluminium	888	4.4	21.6
Gordon Jewelry	889	4.3	def
Handy & Harman	890	4.3	6.1
M/A-Com	891	4.3	7.6
Kennametal	892	4.3	14.4
Citicorp	893	4.1	def
Statesman Group	894	4.0	0.3
Champion Spark Plug	895	4.0	4.0
Texas Instruments	896	4.0	20.8
Sonat	897	3.9	8.7
Lafarge	898	3.9	16.2
Eastern Gas & Fuel	899	3.9	10.6
UGI	900	3.8	14.2
Alexander & Alex	901	3.5	15.7
Di Giorgio	902	3.4	8.7
Black & Decker	903	3.4	14.8
Northern Trust	904	3.2	6.4
Tenneco	905	3.2	0.5
Commercial Credit	906	3.2	14.5
Ramada	907	3.2	0.5
Mfrs Hanover	908	2.9	27.5
Genesco	909	2.8	12.0
Lukens	910	2.8	20.0
Allied Products	911	2.8	def
Combustion Eng	912	2.7	2.1
Perini	913	2.5	12.3
Data General	914	2.5	def
Enserch	915	2.4	def
MCI Commun	916	2.4	19.2
Trinity Industries	917	2.1	10.3
Earle M Jorgensen	918	2.0	6.7
Butler Manufacturing	919	2.0	6.5
Horn & Hardart	920	2.0	def
LB Foster	921	1.9	26.8
Williams Cos	922	1.8	12.7
Amerada Hess	923	1.8	def
Intl Minerals & Chem	924	1.8	10.6
WR Grace	925	1.8	13.5
Great Amer Mgmt	926	1.7	4.3
MCorp	927	1.6	def
Kerr-McGee	928	1.5	6.7
Allen Group	929	1.5	def
Murphy Oil	930	1.5	def

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN PROFITABILITY

		Return on equity	
Company	**rank**	**5-year average**	**Latest 12 months**
First Chicago	931	1.3%	17.2%
Crown Central Pet	932	1.0	39.3
Thorn Apple Valley	933	1.0	12.1
Reynolds Metals	934	0.9	25.8
Norton	935	0.8	16.0
Halliburton	936	0.6	5.2
Bally Manufacturing	937	0.5	5.7
Panhandle Eastern	938	0.3	def
GATX	939	0.3	19.6
Nicor	940	0.2	18.2
Public Service NH	941	0.2	def
Lorimar-Telepictures	942	def	def
Stewart & Stevenson	943	def	20.3
Mellon Bank	944	def	def
Cross & Trecker	945	def	12.6
Dresser Industries	946	def	7.7
Caterpillar	947	def	16.6
CBI Industries	948	def	3.3
National-Standard	949	def	7.4
Timken	950	def	5.4
CRS Sirrine	951	def	14.3
Texaco	952	def	def
General Instrument	953	def	15.0
Soo Line	954	def	6.7
Deere	955	def	13.7
Orion Pictures	956	def	6.7
Natl Semiconductor	957	def	0.9
Mack Trucks	958	def	1.0
CMS Energy	959	def	20.2
Valero Energy	960	def	def
Comstock Group	961	def	def
Maxicare Health	962	def	NE
Phelps Dodge	963	def	31.8
BF Goodrich	964	def	17.7
Jacobs Engineering	965	def	20.5
Orion Capital	966	def	16.8
Asarco	967	def	19.0
Ampco-Pittsburgh	968	def	def
TIE/Communications	969	def	def
Fischbach	970	def	def
Inland Steel Inds	971	def	17.7
McDermott Intl	972	def	def
Westmoreland Coal	973	def	def
Inco	974	def	46.9
Harnischfeger Inds	975	def	8.0
First Pennsylvania	976	def	15.5
Clark Equipment	977	def	5.8
Texas American Bcsh	978	def	def
Cincinnati Milacron	979	def	def
HH Robertson	980	def	def
National Intergroup	981	def	def
Copperweld	982	def	19.5
USX	983	def	10.6
Sprague Technologies	984	def	4.2
Florida Federal S&L	985	def[b]	def
Meritor Financial	986	def[b]	def
Fluor	987	def	31.9
Kerr Glass Mfg	988	def	def
Arrow Electronics	989	def	def
Pittston	990	def	def
Control Data	991	def	2.4
UNC	992	def	11.2
Foxboro	993	def	def
BankAmerica	994	def	14.6%
Costco Wholesale	995	def[a]	12.6
United Merchants	996	def	def
Todd Shipyards	997	def	def
Lone Star Tech	998	def	def
US Home	999	def	def
Cyprus Minerals	1000	def[a]	13.0
MA Hanna	1001	def	23.0
Cameron Iron Works	1002	def	def
Datapoint	1003	def	def
Itel	1004	def[b]	6.0
Borman's	1005	def	def
Tesoro Petroleum	1006	def	def
Triangle Industries	1007	def[b]	def
Bethlehem Steel	1008	def	26.1
Baker Hughes	1009	def	6.0
Businessland	1010	def	19.1
Dravo	1011	def	def
AMAX	1012	def	22.3
NL Industries	1013	def	NE
Armco	1014	def	6.8
PACE Membership	1015	def	5.7
Fairchild Industries	1016	def	11.7
Inspiration Resources	1017	def	9.4
American Hoist	1018	def	2.9
Continental Illinois	1019	def	def
Wilson Foods	1020	def	9.3
Charter	1021	def[a]	98.3
United Financial	1022	def	NE
Smith International	1023	def	23.3
America West Air	1024	def[b]	def
Mattel	1025	def[b]	def
Ideal Basic Inds	1026	def[b]	def
Grossman's	1027	def[b]	14.2
Wheeling-Pittsburgh	1028	def[a]	NE
ADVO-System	1029	def[b]	def
Western Union	1030	def[b]	def
Savin	1031	def[a]	NE
Allegheny Intl	1032	def	NE
Texas Air	1033	def[a]	def
LTV	1034	def[b]	NE
Allis-Chalmers	1035	def[a]	NE
Storage Technology	1036	def[a]	8.8
Pan Am	1037	def	NE
Tiger International	1038	def[a]	293.7
AH Robins	1039	def[a]	NE
Alleghany		NA	9.1
Allegheny Ludlum		NA	45.5
AM International		NA	def
AmeriFirst Bank		NA	def
Anchor Savings Bank		NA	def
Aristech Chemical		NA	41.6
Atari		NA	18.6
Avondale Industries		NA	0.7
Balfour Maclaine		NA	def
Bear Stearns Cos		NA	0.0
Benj Franklin S&L		NA	8.7
Budget Rent a Car		NA	18.5
Cannon Group		NA	NE
Carter Hawley Hale		NA	NA
Castle & Cooke		NA	19.7
Coast S&L Assn		NA	11.3%
Coca-Cola Enterprises		NA	6.7
Commercial Federal		NA	1.1
Consolidated Rail		NA	8.0
CrossLand Savings		NA	12.6
Cyclops Industries		NA	NE
Diamond Shamrock		NA	11.2
Dime Savings Bank		NA	8.1
Edgcomb		NA	30.2
Empire of America		NA	def
FHP International		NA	52.3
Finevest Foods		NA	15.0
Foodmaker		NA	16.0
Formica		NA	34.1
Fruehauf		NA	NE
Fruit of the Loom		NA	25.8
Gaylord Container		NA	93.6
General Mills		NA	73.7
GM Hughes		NA	3.5
Genlyte Group		NA	NA
Georgia Gulf		NA	112.3
Goldome		NA	def
Harley-Davidson		NA	37.0
Henley Group		NA	def
Henley Mfg		NA	0.0
Hills Dept Stores		NA	NE
Home Group		NA	9.3
Home Shopping		NA	15.4
IBP		NA	12.3
IMC Fertilizer Group		NA	NA
InterTAN		NA	15.3
Leslie Fay Cos		NA	21.2
LVI Group		NA	def
Magma Copper		NA	def
MAI Basic Four		NA	30.3
Maxus Energy		NA	def
MGM/UA Commun		NA	def
Michigan Consol		NA	18.5
MMR Holding		NA	29.9
Morgan Stanley		NA	30.3
Navistar Intl		NA	30.1
Neiman Marcus		NA	NA
Penn Traffic		NA	43.2
People's Bank		NA	0.0
Premark Intl		NA	17.1
Rexene		NA	0.0
Richfood Holding		NA	0.0
Charles Schwab		NA	0.0
EW Scripps		NA	5.7
SSMC		NA	0.8
Standard Fedl Bank		NA	16.3
Sterling Chemicals		NA	276.0
Talman Home Federal		NA	8.5
TCF Financial		NA	def
Tosco		NA	59.5
Turner Broadcasting		NA	NE
UNUM Corp		NA	8.7
Varity Corp		NA	22.8
Viacom		NA	0.0
Vons Cos		NA	def
VWR Corp		NA	12.4
York International		NA	11.4

NA: Not available. NE: Negative equity. def: Deficit. a: Three-year average. b: Four-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

The resurgence of heavy industry will shuffle the order of industry leaders and laggards. This is only the beginning.

By Douglas W. Kortrey

DESPITE PREDICTIONS TO THE CONTRARY, the prosperity of the Eighties continued into 1988. For the 1,116 companies surveyed in this report, both five-year average and latest 12-month return on equity improved. Median long-term profitability jumped from 12.8% to 13.9%, while latest 12-month return on equity went from 13.6% to 14.1%.

This year the same nine industries are at the top, though their order is slightly juggled. But this is where similarity with previous lists comes to an end. Tenth-place consumer products, with a five-year average return on equity of 15.8%, displaced electric utilities, which dropped to 15th place with a five-year profitability of 13.9%. The automotive group, which continues to pull away from the depths of the 1981-82 recession, made a bold move up 11 notches from last year as it moved into 12th position with a five-year average return on equity of 14.3%. It may become tougher for this group to climb much higher. Latest 12-month results are almost flat, possibly a sign that many of these companies may be approaching a cyclical peak.

Problems in the brokerage subindustry are likely to pull down the future ranking of the financial services industry. Latest 12-month returns for financial services are only 9.8%, versus 15.9% for five-year results. Retailing and banks and thrifts also appear on the verge of slipping a few notches. In total, 12 of the 31 major industry groups have 12-month return on equity below their five-year averages.

Who is on the rebound? Paper has a five-year profitability of 11.8% but a 12-month return on equity of 21.8%. All of the ten lowest-ranked industries have outperformed their historical marks in the past 12 months. Heavy equipment, for example, has gone from 5% to 12.8%. ■

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco (17)	1	19.6%	19.7%	44.9%	8.0%	10	11.3%	10.3%	6	12.3%	20.2%
Alcoholic beverages (4)		15.5	16.1	43.3	9.4		10.3	8.7		8.1	19.2
Soft drinks (4)		25.2	24.1	103.2	5.4		6.6	11.5		16.1	13.8
Tobacco (9)		18.7	22.3	67.4	8.1		11.6	15.7		11.3	28.3
Communications media (33)	2	19.4	17.6	48.2	6.4	9	11.6	14.2	7	12.1	18.4
Publishing (22)		21.7	18.3	47.0	7.6		10.6	8.7		13.5	16.9
Broadcasting/cable (7)		15.1	0.6	282.4	4.3		32.3	17.9		–8.8	127.0
Media services (4)		15.2	18.2	13.5	4.2		14.6	16.6		NM	18.7
Industrial and office services (46)	3	18.6	14.8	31.5	4.2	4	14.4	13.8	3	16.3	19.3
Industrial services (14)		21.3	16.6	43.7	4.7		14.4	19.7		20.5	21.0
Office products, services (32)		18.3	14.5	26.9	4.2		14.4	12.0		16.2	16.1

def: Deficit. NM: Not meaningful. For further explanation, see page 77.

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Food processors (41)	4	18.2%	17.8%	57.4%	4.2%	20	8.4%	8.0%	8	11.6%	19.1%
Food commodities (4)		15.1	11.4	26.4	3.5		10.3	14.7		0.6	10.8
Meatpacking (10)		17.1	14.2	82.4	1.3		8.5	8.2		25.3	23.2
Branded foods (27)		19.3	20.9	53.4	5.1		8.3	7.6		11.3	19.1
Electrical equipment (12)	5	17.7	18.3	18.3	7.0	15	9.6	10.5	9	11.0	15.5
Health (48)	6	16.8	16.2	33.8	5.8	6	13.3	11.8	5	12.9	16.3
Drugs (23)		17.8	19.8	14.6	8.3		9.7	10.1		12.9	15.6
Medical supplies (14)		17.6	17.4	29.9	9.2		12.9	13.9		15.8	22.9
Health care services (11)		13.3	5.8	139.5	1.3		21.2	15.1		–40.3	–78.3
Food distributors (56)	7	16.1	15.7	75.4	1.4	16	9.5	8.7	10	8.8	20.6
Wholesale and supply (14)		15.5	15.0	89.5	1.0		13.4	12.6		8.2	22.4
Major supermarkets (5)		18.3	16.6	39.0	1.2		8.2	6.7		6.0	28.3
Regional supermarkets (21)		15.8	17.7	84.0	1.7		8.5	8.8		16.9	21.4
Convenience stores (4)		14.6	7.6	227.6	0.5		19.5	10.1		NM	12.1
Restaurant chains (12)		15.3	14.8	48.1	3.4		10.0	6.0		8.0	16.7
Financial services (29)	8	15.9	9.8	132.6	3.4	3	15.1	11.6	21	0.3	–8.8
Financial companies (16)		15.3	16.3	241.0	4.1		10.6	11.6		–8.2	20.6
Brokerage houses (9)		17.2	5.8	54.4	2.8		22.2	–2.6		–2.4	–34.7
Commodity traders (4)		12.4	11.9	27.7	1.8		9.6	25.4		5.6	–8.2
Consumer products (53)	9	15.8	16.1	36.7	4.9	8	12.0	11.6	13	7.8	19.8
Appliances (17)		16.3	14.8	41.2	3.3		12.0	11.3		4.1	19.8
Home furnishings (15)		14.0	15.3	43.0	4.9		18.4	11.5		8.0	9.2
Household products (3)		10.0	2.8	86.7	0.9		5.6	13.3		–9.2	–84.0
Personal products (18)		16.3	22.8	20.3	8.2		10.3	12.7		12.5	30.3
Retailing (81)	10	15.8	13.8	45.7	2.6	5	13.3	12.6	14	7.2	7.5
Apparel (10)		21.0	14.4	30.8	4.0		21.9	12.1		17.1	–22.1
Catalog showrooms (3)		7.3	15.9	235.8	1.8		17.3	9.6		NM	–19.8
Department stores (12)		12.9	12.8	64.6	3.0		6.6	6.5		7.8	14.5
Discount and variety (13)		16.2	11.7	45.7	2.0		15.2	11.9		10.6	14.0
Drugs (8)		14.6	15.0	66.5	2.8		14.5	9.9		–1.9	11.6
Jewelry (2)		13.3	25.8	29.5	5.7		3.7	–1.5		NM	NM
Shoes (4)		10.0	11.7	46.9	2.6		2.6	–1.2		NM	–21.6
Miscellaneous (29)		14.8	14.2	44.5	2.4		21.1	21.4		9.4	14.0
Aerospace and defense (49)	11	14.5	14.1	32.8	3.9	22	8.3	6.0	11	8.5	20.3
Automotive (46)	12	14.3	14.4	44.3	3.7	21	8.4	11.7	12	8.1	20.1
Automobiles and trucks (10)		23.5	13.7	35.8	3.5		11.9	14.5		14.2	–25.3
Automotive parts (28)		12.5	13.9	48.4	3.7		8.0	11.4		1.9	21.7
Recreational vehicles (5)		16.5	10.0	1.1	3.5		14.7	10.4		15.0	22.3
Tire and rubber (3)		15.9	25.1	27.6	4.9		7.7	15.1		12.5	19.2
Apparel, shoes and textiles (23)	13	14.0	14.3	44.1	4.3	11	11.2	10.0	23	–2.1	8.2
Apparel (11)		14.3	18.3	40.8	4.7		5.2	10.0		7.5	13.1
Shoes (4)		15.6	19.9	25.9	5.9		8.3	21.9		–12.0	–22.9
Textiles (8)		9.2	11.7	87.3	3.5		15.7	9.4		NM	–2.7
Insurance (74)	14	14.0	13.3	26.0	5.7	2	15.4	7.9	4	14.1	–6.7
Brokers (2)		19.5	26.9	27.7	9.3		14.2	4.8		NM	1.9
Diversified (27)		14.6	13.9	23.1	6.5		15.2	7.0		15.3	–0.7
Life and health (24)		14.1	7.5	27.6	4.1		20.8	13.7		17.4	–29.9
Property and casualty (21)		13.4	16.2	27.3	7.4		14.6	7.8		9.0	3.3
Electric utilities (84)	15	13.9	13.4	100.2	11.1	26	4.1	3.4	17	2.6	0.3
Northeast (24)		13.1	12.8	103.8	10.1		2.6	3.5		1.1	1.7
North central (29)		14.7	13.6	100.0	11.6		2.7	3.2		0.8	0.0
Southeast (10)		14.3	13.9	88.7	11.1		7.1	2.1		6.2	2.4
South central (8)		15.4	12.8	102.0	13.3		3.8	2.3		1.4	–7.8
Western (13)		13.1	13.9	96.2	10.4		5.3	8.2		0.9	4.9

def: Deficit. NM: Not meaningful. For further explanation, see page 77

WHO'S WHERE IN INDUSTRY

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry (number of companies)	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Banks and thrifts (122)	**16**	**13.9%**	**12.5%**	**41.3%**	**6.8%**	**7**	**12.1%**	**12.2%**	**20**	**1.2%**	**15.0%**
Multinational (11)		5.9	17.2	78.3	5.9		1.6	13.8		NM	NM
Northeast (8)		15.6	15.1	46.2	8.4		12.7	19.8		7.7	17.4
Mid-Atlantic (15)		15.1	15.5	33.9	8.7		12.9	17.2		8.8	14.9
North central (22)		12.5	14.3	27.3	8.9		8.9	11.8		3.7	34.3
Southeast (13)		16.3	16.4	27.9	9.9		14.0	12.6		12.5	9.7
South central (3)		1.6	def	23.7	def		12.2	–8.5		NM	NM
Western (9)		9.9	12.6	50.7	6.0		6.7	7.9		–20.5	88.6
Thrift institutions (41)		14.4	6.6	83.0	2.8		16.1	8.0		–54.8	–59.1
Telecommunications (25)	**17**	**13.7**	**14.0**	**63.0**	**7.8**	**24**	**6.3**	**5.8**	**18**	**1.6**	**8.4**
Carriers (19)		13.9	14.7	68.2	11.5		6.2	6.3		4.1	8.4
Manufacturing (6)		5.2	9.9	10.4	5.2		10.3	1.8		NM	6.8
Packaging (23)	**18**	**13.2**	**16.3**	**58.7**	**5.3**	**13**	**10.8**	**13.4**	**2**	**17.0**	**28.4**
Conglomerates (17)	**19**	**12.7**	**18.0**	**42.0**	**5.2**	**23**	**6.9**	**5.0**	**15**	**4.9**	**34.2**
Natural gas (58)	**20**	**12.7**	**12.3**	**91.6**	**6.7**	**30**	**–0.7**	**1.8**	**24**	**–5.1**	**6.0**
Producers and pipeliners (12)		6.6	5.4	127.5	1.6		–2.9	–6.1		NM	–44.4
Distributors (36)		13.3	13.6	85.7	7.2		0.8	1.9		0.7	9.1
Integrated (10)		11.8	8.6	83.1	4.6		–5.9	3.2		–11.8	–2.6
Paper (26)	**21**	**11.8**	**21.8**	**53.9**	**7.9**	**18**	**8.8**	**14.5**	**1**	**18.0**	**50.8**
Chemicals (53)	**22**	**11.7**	**16.0**	**36.5**	**6.6**	**28**	**3.7**	**16.1**	**16**	**3.9**	**37.8**
Diversified (17)		11.6	16.2	31.0	6.6		3.5	15.5		12.7	41.6
Specialized (36)		12.9	15.8	44.8	7.2		5.0	16.7		2.7	37.8
Computers and electronics (56)	**23**	**11.6**	**14.0**	**29.5**	**4.7**	**12**	**10.9**	**18.1**	**22**	**–1.2**	**28.8**
Computers (28)		15.9	13.8	33.2	4.5		19.3	20.9		8.0	6.0
Electronic equipment (19)		10.9	18.0	16.2	5.0		6.9	14.0		2.7	34.9
Semiconductors (9)		7.0	7.6	29.0	4.4		9.9	22.3		NM	134.0
Leisure and recreation (30)	**24**	**10.3**	**13.7**	**124.9**	**4.4**	**14**	**10.5**	**17.1**	**19**	**1.3**	**8.6**
Entertainment (14)		9.6	6.9	145.3	3.1		17.5	19.7		–16.2	–15.6
Hotels and gaming (8)		16.7	23.7	194.4	7.8		6.8	10.8		13.8	12.7
Recreation (3)		10.3	14.0	39.7	4.5		10.5	20.6		1.3	36.2
Photography (3)		9.8	22.1	70.9	8.3		4.1	20.6		14.3	98.2
Toys and electronics (2)		def	def	138.3	def		32.6	–5.2		NM	NM
Construction (68)	**25**	**9.9**	**12.8**	**49.4**	**3.4**	**19**	**8.4**	**6.9**	**25**	**–5.4**	**14.0**
Residential builders (8)		15.5	9.5	161.5	3.1		13.5	3.6		11.9	–22.8
Commercial builders (21)		2.5	5.2	35.2	0.9		6.3	4.6		NM	39.0
Cement and gypsum (6)		8.0	9.0	55.1	5.5		11.4	–6.8		NM	–40.0
Lumber (8)		8.8	17.2	53.9	7.2		7.7	11.3		40.7	24.4
Other materials (25)		11.2	13.8	46.8	4.1		8.9	7.6		8.3	15.4
Air transport (15)	**26**	**7.7**	**8.5**	**76.0**	**3.2**	**1**	**15.7**	**20.0**	**26**	**NM**	**–14.3**
Freight (5)		7.0	5.6	131.0	1.0		14.2	20.2		NM	–38.0
Airlines (10)		9.6	9.2	71.4	3.6		17.4	17.7		NM	4.1
Surface transportation (24)	**27**	**7.5**	**10.2**	**73.1**	**3.4**	**17**	**9.0**	**7.4**	**26**	**NM**	**17.2**
Railroads (11)		6.7	8.2	82.2	5.3		5.5	5.0		NM	21.9
Trucking and leasing (9)		14.1	10.2	73.1	3.1		14.3	12.6		0.1	–7.1
Other surface (4)		13.3	11.2	53.2	5.6		9.6	11.7		–5.7	18.5
Oil (48)	**28**	**6.6**	**10.9**	**64.8**	**2.8**	**31**	**–6.1**	**10.5**	**26**	**NM**	**25.3**
International oils (7)		10.9	13.1	38.3	6.6		–5.0	9.0		0.0	20.1
Other oil and gas (33)		6.8	10.6	75.1	2.2		–8.1	8.6		NM	23.2
Oilfield services (8)		def	6.8	42.4	2.5		–8.4	19.7		NM	–56.3
Heavy equipment (44)	**29**	**5.0**	**12.8**	**38.7**	**4.2**	**27**	**3.9**	**14.0**	**26**	**NM**	**19.9**
Agricultural (3)		0.6	13.7	99.5	3.5		–2.2	38.7		NM	P-D
Building and mining (3)		def	16.6	34.1	3.7		6.2	22.1		NM	500.0+
Industrial (38)		6.5	12.7	38.7	4.4		3.9	13.2		–15.3	16.4
Metals (36)	**30**	**def**	**14.2**	**39.9**	**4.9**	**25**	**4.7**	**26.4**	**26**	**NM**	**148.3**
Nonferrous metals (13)		def	19.0	38.1	8.4		5.8	30.7		NM	172.8
Steel (23)		def	10.6	42.5	3.3		4.5	22.3		NM	104.8
Coal (7)	**31**	**def**	**13.0**	**68.0**	**7.4**	**29**	**3.2**	**14.5**	**26**	**NM**	**16.8**
All-industry medians		**13.9**	**14.1**	**45.7**	**4.9**		**9.5**	**11.6**		**3.9**	**18.4**

P-D: Profit to deficit. def: Deficit. NM: Not meaningful. For further explanation, see page 77.

WHO'S WHERE IN THIS ISSUE

The following summary, organized alphabetically, shows how each of the 1,116 companies in this survey stacks up against every other survey company regardless of industry. Each corporation is ranked three ways: five-year average return on equity, five-year earnings growth and five-year stock market performance. The last column lists each company's industry survey page. Within these industry reports each firm is ranked against its peers. The entire universe of companies is ordered by rank in the profitability report (page 240) and growth report (page 198). The alphabetically ordered stock market report begins on page 217.

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	68	219	258	150
Advanced Micro	783	NM	994	114
ADVO-System	1029	NM	**	111
Aetna Life & Cas	717	93	601	161
Affiliated Pubs	25	31	8	111
HF Ahmanson	399	102	499	94
Air Prods & Chems	700	724	354	103
Airborne Freight	577	538	923	84
Alaska Air Group	310	668	573	84
Albany International	129	50	**	184
Alberto-Culver	774	263	9	126, 188
Albertson's	194	317	141	139
Alcan Aluminium	888	NM	722	172
Alco Health Services	591	282	321	150
Alco Standard	515	582	592	158
Alexander & Alexander	901	NM	717	161
Alexander & Baldwin	257	144	44	192
Alexander's	867	718	39	188
Alleghany	**	NM	**	161
Allegheny Intl	1032	NM	1007	126
Allegheny Ludlum	**	**	**	172
Allegheny Power	429	560	568	132
Allen Group	929	NM	887	90
Allied Products	911	NM	385	156
Allied-Signal	841	NM	835	82, 90
Allis-Chalmers	1035	**	1012	156
Alltel	428	478	205	194
Alcoa	869	NM	702	172
AM International	**	757	648	158
AMAX	1012	NM	807	108, 172
Amdahl	632	40	257	114
Amerada Hess	923	NM	786	178
America West Airlines	1024	NM	932	84
American Bankers	743	NM	832	161
American Brands	243	536	352	100, 118
American Building	723	700	736	158
American Capital	804	NM	816	94
American Carriers	859	NM	1011	192

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
American Continental	48	385	683	94, 136
American Cyanamid	639	335	317	103, 150
American Electric	601	545	479	132
American Express	462	24	426	136
American Family	163	84	92	161
American General	529	414	590	161
American Greetings	431	664	878	111
American Hoist	1018	NM	818	126, 188
American Home Prod	44	413	462	150
American Intl Group	315	189	262	161
American Maize	866	NM	829	144
American Medical	638	NM	903	150
American Natl Ins	510	418	496	161
American Petrofina	876	NM	603	178
American President	552	667	394	192
American Stores	131	503	583	139, 188
American Tel & Tel	762	671	474	194
American Water Works	640	333	166	132
AmeriFirst Bank	**	NM	**	94
Ameritech	419	465	213	194
AmeriTrust	776	NM	382	94
Ames Dept Stores	278	444	653	188
Ametek	216	497	791	156
Amoco	528	686	582	178
Amoskeag	885	743	653	126
AMP	205	422	744	114
Ampco-Pittsburgh	968	NM	893	156, 172
AMR	410	672	610	84
AmSouth Bancorp	423	411	413	94
Anchor Glass	4	2	**	182
Anchor Savings Bank	**	**	**	94
Anheuser-Busch Cos	181	276	86	100
Aon	237	262	595	161
Apollo Computer	96	NM	983	114
Apple Computer	138	149	73	114
Archer-Daniels	705	342	291	144
Arden Group	395	81	12	139
Argonaut Group	54	211	**	161

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

WHERE TO FIND THE COMPANY

Rank				
Company	**Profitability**	**Growth**	**Stock market**	**Industry survey page**
Aristech Chemical	**	**	**	103
Arkla	620	669	856	174
Armco	1014	NM	960	172
Armstrong World Inds	411	63	158	120
Arrow Electronics	989	NM	992	114
Arvin Industries	433	121	497	90
Asarco	967	NM	847	172
Ashland Oil	829	NM	187	178
Atari	**	**	**	114, 188
Guy F Atkinson	798	744	793	120
Atlanta Gas Light	648	353	102	174
Atlantic Energy	518	419	542	132
Atlantic Financial	879	NM	915	94
Atlantic Richfield	701	NM	336	178
Automatic Data	256	274	239	158
Avery International	373	553	478	158, 182
Avnet	775	733	966	114
Avon Products	588	NM	876	126
Avondale Industries	**	**	**	82, 192
Baker Hughes	1009	NM	**	178
Balfour Maclaine	**	NM	**	136
Ball Corp	299	350	286	182
Bally Manufacturing	937	NM	754	168
Baltimore G&E	374	395	253	132, 174
Banc One	328	316	314	94
Bancorp Hawaii	327	412	143	94
Bandag	60	202	185	90
Bank of Boston	610	745	356	94
Bank of New England	430	583	327	94
Bank of New York	439	606	415	94
BankAmerica	994	NM	846	94
Bankers Trust NY	521	755	395	94
CR Bard	191	228	181	150
Barnes Group	714	458	490	90
Barnett Banks	247	294	298	94
Bassett Furniture Ind	637	661	862	126
Bausch & Lomb	291	247	384	150
Baxter International	635	552	894	150
BayBanks	407	322	170	94
Bear Stearns Cos	**	NM	827	136
Bearings	855	715	578	156
Becton Dickinson	593	178	103	150
Bell Atlantic	476	462	212	194
Bell Industries	782	735	955	114
BellSouth	457	488	222	194
Bemis	536	109	37	182
Beneficial Corp	842	NM	596	136
Benj Franklin S&L	**	NM	**	94
Bergen Brunswig	472	608	650	150
WR Berkley	733	NM	71	161
Berkshire Hathaway	300	83	51	118, 161
Best Buy Co	9	23	2	188
Bethlehem Steel	1008	NM	892	172
Beverly Enterprises	790	NM	985	150
Big Bear	98	351	63	139
Bindley Western Inds	440	647	872	150
Black & Decker	903	NM	875	126
H&R Block	126	334	183	136, 158
Blount	625	736	785	120
BMA Corp	682	NM	452	161
Boatmen's Bancshares	422	574	685	94
Boeing	404	391	225	82
Boise Cascade	823	20	487	120, 184
Borden	413	348	85	144
Borman's	1005	NM	530	139

Rank				
Company	**Profitability**	**Growth**	**Stock market**	**Industry survey page**
Boston Edison	415	44	701	132
Bowater	478	642	632	184
Briggs & Stratton	653	660	817	126
Bristol-Myers	112	326	263	126, 150
Brooklyn Union Gas	501	635	519	174
Brown-Forman	233	551	184	100
Brown Group	596	659	775	188
Browning-Ferris Inds	139	242	165	158
Bruno's	94	238	108	139
Brunswick	152	486	163	168
Budget Rent a Car	**	NM	**	192
Burlington Coat	132	253	881	188
Burlington Northern	731	NM	561	174, 192
Businessland	1010	NM	679	188
Butler Manufacturing	919	NM	629	120
Cabot	837	NM	544	103, 178
Caesars World	722	NM	240	168
CalFed	538	15	784	94
CalMat	695	3	118	120
Cameron Iron Works	1002	NM	919	178
Campbell Soup	370	394	260	144
Cannon Group	**	**	997	168
Capital Cities/ABC	261	286	151	111
Capital Holding	338	171	420	161
Cardinal Distribution	282	278	553	150
Carlisle Cos	532	666	663	114, 120
Carnival Cruise Lines	12	110	**	168
Carolina Freight	304	587	871	192
Carolina Power & Lt	502	527	423	132
Carpenter Technology	852	740	844	172
Carson Pirie Scott	836	NM	**	188
Carter Hawley Hale	**	614	**	188
Carter-Wallace	482	194	45	126, 150
Castle & Cooke	**	NM	277	144
Caterpillar	947	NM	623	156
CBI Industries	948	NM	836	103, 120
CBS	92	130	126	111
CDI Corp	124	108	30	158
Centel	393	546	284	194
Centerior Energy	436	617	**	132
Centerre Bancorp	809	681	207	94
Centex	560	404	689	120
Central & So West	358	484	468	132
Central Hudson G&E	650	NM	824	132
Central Ill Pub Svc	579	629	585	132
Central Maine Power	721	709	636	132
Central Steel & Wire	740	517	338	172
CenTrust Savings Bank	3	758	695	94
Champion Intl	838	NM	758	120, 184
Champion Spark Plug	895	NM	652	90
Charming Shoppes	59	115	195	188
Charter	1021	NM	978	178
Chase Manhattan	853	NM	655	94
Chemical Banking	844	NM	733	94
Chesapeake	763	170	538	182, 184
Chevron	691	613	631	178
Chicago Pacific	235	704	38	126
Child World	851	392	643	188
Chrysler	10	19	250	90
Chubb	547	134	339	161
Church's Fried	720	739	912	139
Cigna	872	NM	739	136, 161
CILcorp	572	624	475	132, 174
Cincinnati Bell	473	339	33	194
Cincinnati Financial	343	229	366	161

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful.
**Not ranked.

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Cincinnati G&E	492	641	245	132, 174
Cincinnati Milacron	979	NM	914	156
Circle K	122	200	506	139
Circuit City Stores	47	49	18	188
Circus Circus	90	187	43	168
Citicorp	893	NM	598	94
Citizens & Southern	313	344	351	94
CityFed Financial	234	742	980	94
Clark Equipment	977	NM	877	90, 156
Clorox	174	311	159	126
CMS Energy	959	NM	371	132, 174
CNA Financial	417	105	107	161
CNW	826	NM	927	192
Coachmen Industries	455	NM	982	90
Coast S&L Assn	**	NM	765	94
Coastal Corp	443	535	188	174, 178
Coca-Cola	99	287	169	100
Coca-Cola Enterprises	**	243	**	100
Coleman	711	592	776	120, 168
Colgate-Palmolive	687	708	261	126
Collins Foods Intl	264	454	400	139
Columbia Gas System	865	NM	801	174
Columbia Pictures	780	409	**	168
Columbia S&L Assn	37	245	788	94
Combustion Eng	912	NM	850	156
Comdisco	75	143	436	158
Comerica	646	417	189	94
Commerce Bcshs	626	534	344	94
Commerce Clearing	33	304	433	111, 158
Commercial Credit	906	NM	**	136
Commercial Federal	**	**	477	94
Commercial Metals	785	523	571	136, 172
Commonwealth Ed	398	549	664	132
Commonwealth Energy	324	576	411	132, 174
Compaq Computer	70	5	32	114
Computer Associates	225	55	29	158
Computer Sciences	495	293	172	82, 158
Comstock Group	961	NM	993	120
ConAgra	171	207	124	144
Consolidated Edison	484	566	333	132
Consol Freightways	543	440	493	192
Consol Natural Gas	493	594	176	174
Consolidated Papers	207	192	89	184
Consolidated Rail	**	557	**	192
Consolidated Stores	16	33	889	188
Constar intl	673	586	615	182
Contel	550	719	364	194
Continental Corp	697	492	617	161
Continental Illinois	1019	NM	798	94
Continental Info Sys	51	100	834	158
Control Data	991	NM	972	114
Cooper Cos	248	273	974	150
Cooper Industries	753	360	501	128, 156
Cooper Tire & Rubber	438	541	98	90
Adolph Coors	828	633	787	100
Copperweld	982	NM	925	172
CoreStates Financial	186	378	111	94
Corning Glass Works	694	213	318	114, 126, 150
Costco Wholesale	995	NM	634	188
CPC International	275	346	136	144
Craig	802	NM	192	139
Crane	873	424	**	120, 156
Cray Research	72	42	267	114
Crestar Financial	361	544	470	94
Cross & Trecker	945	NM	968	156

Rank

Company	Profitability	Growth	Stock market	Industry survey page
CrossLand Savings FSB	**	644	752	94
Crown Central Pet	932	NM	757	178
Crown Cork & Seal	566	161	69	182
CRS Sirrine	951	NM	410	158
CSX	833	NM	635	192
Culbro	506	92	312	100
Cummins Engine	835	NM	926	90
Curtice Burns Foods	319	571	539	144
CVN Cos	107	NM	179	188
Cyclops Industries	**	**	**	172
Cyprus Minerals	1000	NM	313	108, 172
Dairy Mart	335	NM	388	139
Dallas Corp	857	NM	886	120
Dana	590	251	618	90
Danaher	737	7	11	90, 114
Data General	914	NM	954	114
Datapoint	1003	NM	851	114
Dayton Hudson	378	530	633	188
Dean Foods	133	364	265	144
Deere	955	NM	665	156
Delchamps	437	645	393	139
Delmarva Power & Lt	447	563	599	132
Delta Air Lines	666	NM	660	84
Delta Woodside Inds	2	NM	**	86
Deluxe Corp	53	201	155	158
Dennison Mfg	584	589	742	158, 182
DeSoto	668	638	748	103
Detroit Edison	469	381	668	132
Dexter	425	451	547	103
Di Giorgio	902	NM	320	139
Diamond Shamrock R&M	**	NM	**	178
Dibrell Brothers	279	NM	194	100
Diebold	344	673	896	158
Digital Equipment	644	197	135	114
Dillard Dept Stores	164	154	87	188
Dime Savings Bank FSB	**	NM	**	94
Walt Disney	463	67	26	168
Diversified Energies	734	NM	441	174
Dixie Yarns	383	29	13	86
Dollar General	392	726	859	188
Dominion Bankshares	401	223	444	94
Dominion Resources	562	445	268	132
RR Donnelley & Sons	228	267	387	111
Dover	303	526	315	118, 120
Dow Chemical	669	166	138	103
Dow Jones	67	244	779	111
DPL	642	657	299	132, 174
Dravo	1011	NM	716	120
Dresser Industries	946	NM	630	156, 178
EI du Pont de Nemours	662	355	482	103, 178
Duke Power	481	507	330	132
Dun & Bradstreet	49	332	373	111
Duquesne Light	615	631	619	132
Durr-Fillauer	594	449	586	150
DWG	817	NM	110	86, 118
E-Systems	183	483	804	82
Eagle-Picher Inds	875	NM	922	90, 156
Eastern Gas & Fuel	899	NM	802	174, 192
Eastman Kodak	736	654	611	168
Eaton	339	371	559	90, 114
Echlin	421	448	566	90
Ecolab	102	68	425	158
Edgcomb	**	433	**	172
Edison Bros Stores	699	NM	823	188
AG Edwards	249	502	708	136

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful.
**Not ranked.

WHERE TO FIND THE COMPANY

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
EG&G	85	500	843	114
El Paso Electric	375	711	698	132
Emerson Electric	211	480	602	126, 128
Emerson Radio	87	NM	720	126
Emery Air Freight	821	NM	998	84
Emhart	595	NM	556	118
Empire of America	**	NM	**	94
Engelhard	660	648	897	103, 172
Enron	471	NM	810	174
Enserch	915	NM	879	120, 174
Envirodyne Industries	28	6	1	182
Equifax	110	252	101	136
Equitable of Iowa	748	183	507	161, 188
Equitable Resources	274	652	432	174, 178
Esselte Business Sys	516	162	255	158
Ethyl	283	160	74	103, 161
Exxon	286	472	202	178
Fairchild Industries	1016	NM	880	82
Family Dollar Stores	83	204	797	188
Farmers Group	288	280	55	161
Fay's Drug	575	692	855	188
Federal Express	564	NM	800	84
Federal-Mogul	629	696	622	90
Federal Natl Mortgage	789	NM	246	136
Federal Paper Board	542	240	409	182, 184
Ferro	718	220	282	103
FHP International	**	54	**	150
Fieldcrest Cannon	868	NM	704	86, 126
Figgie Intl	465	297	60	82, 118
Fin Cp Santa Barbara	84	NM	971	94
Finevest Foods	**	**	**	139
Fireman's Fund	827	NM	792	161
First American	451	427	372	94
First Amer Financial	103	169	232	161
First Bank System	631	683	467	94
First Boston	219	609	148	136
First Capital Holding	18	13	5	161
First Chicago	931	NM	666	94
First Executive	97	590	536	161
First Federal Mich	175	306	480	94
First Fidelity Bncp	541	714	360	94
First Interstate Bncp	840	NM	718	94
First Maryland Bncp	651	426	48	94
First of America Bank	311	258	145	94
First Pennsylvania	976	NM	308	94
First Security	861	730	678	94
First Tennessee Natl	465	508	381	94
First Union	125	198	514	94
First Wachovia	226	345	708	94
First Wisconsin	816	NM	137	94
Fischbach	970	NM	975	120
Fleet/Norstar Finl	302	495	193	94
Fleetwood Enterprises	114	141	854	90, 120
Fleming Cos	496	640	707	139
Florida Federal S&L	985	NM	1000	94
Florida Natl Banks	380	473	454	94
Florida Progress	397	365	370	132
Flowers Industries	212	382	233	144
Fluor	987	NM	715	120
FMC	475	69	42	82, 103
Food Lion	69	104	10	139
Foodarama Supermkts	815	30	79	139
Foodmaker	**	**	**	139
Ford Motor	61	157	54	90
Foremost Corp of Amer	600	429	626	161

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Formica	**	**	**	120
LB Foster	921	NM	781	156
Foster Wheeler	812	749	826	120, 156
Foxboro	993	NM	870	156
FPL Group	526	510	486	132, 161
Freeport-McMoRan	347	443	575	103
Fruehauf	**	**	**	90
Fruit of the Loom	**	**	**	86
HB Fuller	400	203	637	103
Fuqua Industries	104	302	211	94, 126, 168
GAF	448	NM	14	103, 120
Gannett	159	359	390	111
Gap	89	95	7	188
GATX	939	NM	466	118, 192
Gaylord Container	**	**	**	182, 184
Geico	39	91	218	161
GenCorp	244	9	512	82
General Cinema	50	441	346	100, 168
General Development	617	512	867	120
General Dynamics	100	NM	837	82
General Electric	268	547	534	82, 126, 128
General Host	108	300	591	188
General Instrument	953	NM	906	114
General Mills	**	420	285	139, 144
General Motors	357	303	745	90
General Motors EDS	27	52	306	158
GM Hughes Electronics	**	400	495	82, 90
General Public Utils	685	127	20	132
General Re	530	250	464	161
General Signal	765	693	839	114, 128, 156
Genesco	909	NM	909	86, 188
Genlyte Group	**	168	**	128
Genuine Parts	260	450	345	90
Georgia Gulf	**	**	**	103
Georgia-Pacific	747	46	588	120, 184
Gerber Products	618	707	279	86, 144
Getty Petroleum	330	NM	83	178
Giant Food	140	361	41	139
Gibraltar Financial	768	NM	995	94
Gillette	144	695	105	126
PH Glatfelter	160	163	31	184
GlenFed	708	21	234	94
Golden West Finl	29	150	244	94
Goldome	**	**	**	94
BF Goodrich	964	NM	403	103
Goodyear	387	349	430	90
Gordon Jewelry	889	NM	885	188
WR Grace	925	NM	711	103
WW Grainger	408	315	374	128
Gt Am First Savings	616	45	524	94
Great American Mgmt	926	NM	753	103
Great A&P Tea	675	94	56	139
Great Lakes Chemical	203	248	453	103
Gt Northern Nekoosa	690	415	359	184
Gt Western Financial	450	126	383	94, 161
Greyhound	726	689	694	90, 126
Grossman's	1027	NM	931	188
Grow Group	729	741	774	120, 126
Grumman	442	NM	849	82
GTE	652	NM	521	194
Guilford Mills	426	521	762	86
Gulf & Western	745	NM	131	111, 136, 168
Gulf States Utils	589	663	899	132
Hadson	882	58	818	178
Halliburton	936	NM	913	120, 178

Profitability: 5-year return on equity **Growth:** 5-year annual earnings-per-share growth **Stock Market:** 5-year price change **NM:** Not meaningful.
**Not ranked

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Handleman	135	123	167	168
Handy & Harman	890	NM	789	90, 172
MA Hanna	1001	NM	612	103
Hannaford Bros	223	261	66	139
Hanover Insurance	488	125	271	161
Harcourt Brace	298	53	**	111, 161
Harley-Davidson	**	26	**	90
Harman International	21	17	**	126
Harnischfeger Inds	975	NM	367	156
Harris Corp	764	655	910	82, 114
Harsco	670	298	392	82, 120, 156
Hartford Steam Boiler	130	71	24	158, 161
Hartmarx	619	639	710	86, 188
Hasbro	66	99	95	168
Hawaiian Electric	671	370	316	132
Healthco International	479	41	407	150
Hechinger	224	191	513	188
HJ Heinz	137	330	175	144
Helene Curtis Inds	342	177	661	126
Henley Group	**	**	**	120, 150
Henley Manufacturing	**	**	**	103
Hercules	196	90	644	82, 103
Hershey Foods	246	401	157	144
Hewlett-Packard	346	453	732	114
Highland Superstores	13	309	988	188
Hillenbrand Inds	272	325	173	126, 150
Hills Dept Stores	**	**	**	188
Hilton Hotels	280	459	422	168
Himont	91	112	**	103
Holiday	414	249	946	168
Holly Corp	142	634	16	178
Holly Farms	252	136	61	144
Home Depot	82	77	433	188
Home Federal S&L	630	124	328	94
Home Group	**	NM	958	161
~~Home Shopping~~	**	**	**	188
Homestead Financial	57	237	917	94
HON Industries	200	176	443	158
Honeywell	854	NM	813	82, 114, 158
Geo A Hormel	621	376	129	144
Horn & Hardart	920	NM	962	139, 188
Hospital Corp	677	NM	681	150
Household Intl	377	214	310	136
Houston Industries	424	314	535	132
Hubbell	285	338	201	128
Hudson Foods	20	113	**	144
Hughes Supply	698	358	750	120
Humana	116	656	749	150
Huntington Bcshs	554	524	231	94
IBP	**	**	**	144
IC Industries	818	NM	116	82, 118, 144
ICH	31	132	727	161
Ideal Basic Inds	1026	**	1006	120
IE Industries	667	637	429	132
Illinois Power	362	572	799	132, 174
Illinois Tool Works	333	259	153	156
IMC Fertilizer Group	**	NM	**	103
Imperial Corp of Am	860	NM	688	94
Inco	974	NM	269	172
Independent Insurance	558	596	607	161
Indiana National	486	595	127	94
Ingersoll-Rand	886	NM	491	156
Ingles Markets	416	224	**	139
Inland Steel Inds	971	NM	640	172
Inspiration Resources	1017	NM	947	172, 188

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Integrated Resources	755	NM	943	136, 161
Intel	820	NM	860	114
Interco	754	548	283	86, 126, 188
Intergraph	81	97	726	114
Interlake	663	66	319	82, 156
Intermark	845	NM	451	188
IBM	153	598	805	114
Intl Flavors & Frags	190	423	386	103
Intl Minerals & Chem	924	NM	806	103
Intl Multifoods	568	619	527	139, 144
International Paper	831	227	529	182, 184
Interpublic Group	198	272	112	111
InterTAN	**	614	**	188
Iowa-Illinois G&E	427	621	438	132, 174
Iowa Resources	531	626	624	132
Ipalco Enterprises	354	438	417	132
Irving Bank	839	NM	91	94
Itel	1004	**	62	194
ITT	756	573	737	118, 161
Jacobs Engineering	965	NM	182	120
James River Corp Va	210	341	725	182, 184
Jamesway	468	597	760	188
Jefferson-Pilot	606	308	303	161
Jefferson Smurfit	71	72	35	182
Jepson	5	34	**	118
Jerrico	563	542	703	139
Johnson & Johnson	221	505	254	126, 150
Johnson Controls	525	570	589	90, 158
Earle M Jorgensen	918	NM	812	172
Jostens	149	387	300	111, 188
JWP	77	74	129	158
K mart	432	331	484	188
Kaman	296	217	532	82, 156
Kansas City P&L	556	NM	398	132
Kansas City Southern	803	NM	908	136, 192
Kansas Gas & Elec	730	NM	667	132
Kansas Power & Light	332	522	461	132, 174
Kaufman & Broad	578	80	439	120, 161
Kellogg	26	239	47	144
Kellwood	340	158	115	86
Kelly Services	78	96	96	158
Kemper	567	284	350	161
Kennametal	892	NM	811	156
Kentucky Central Life	452	142	377	161
Kentucky Utilities	571	579	408	132
Kerr Glass Mfg	988	NM	949	182
Kerr-McGee	928	NM	687	178
KeyCorp	390	399	419	94
Kimball International	305	269	543	126
Kimberly-Clark	405	372	152	126, 184
Kinder-Care	266	208	902	94, 158
KN Energy	766	737	759	174
Knight-Ridder	316	386	391	111
Kraft	179	212	28	144
Kroger	585	684	**	139
La-Z-Boy Chair	262	155	581	126
Laclede Gas	336	396	301	174
Lafarge	898	NM	505	120
Lancaster Colony	707	698	569	90, 144
Leggett & Platt	177	185	326	126
Leslie Fay Cos	**	NM	**	86
Eli Lilly	136	405	84	150
Limited	19	57	81	188
Lincoln Electric	725	410	693	156
Lincoln National	627	301	550	161

Profitability: 5-year return on equity **Growth:** 5-year annual earnings-per-share growth **Stock Market:** 5-year price change **NM:** Not meaningful.
**Not ranked.

WHERE TO FIND THE COMPANY

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Litton Industries	540	699	782	82
Liz Claiborne	14	39	46	86
Lockheed	40	347	778	82
Loctite	289	295	465	103
Loews	118	114	82	100, 161
Lomas Financial	158	375	868	136
Lone Star Industries	778	NM	741	120
Lone Star Tech	998	NM	483	172
Long Island Lighting	598	680	489	132
Longs Drug Stores	363	477	564	188
Longview Fibre	458	27	150	182, 184
Loral	242	216	567	82
Lorimar Telepictures	942	NM	**	168
Louisiana Land	849	NM	690	178
Louisiana-Pacific	824	78	676	120
Louisville G&E	539	493	526	132, 174
Lowe's Cos	322	416	794	188
LTV	1034	NM	1001	82, 172
Lubrizol	513	425	447	103
Lukens	910	NM	117	172
LVI Group	**	NM	821	120
M/A-Com	891	NM	959	114
Mack Trucks	958	NM	933	90
Magma Copper	**	**	**	172
MAI Basic Four	**	NM	**	114
Manor Care	86	117	396	150
Manufacturers Hanover	908	NM	890	94
Manufacturers Natl	672	720	146	94
Manville	863	NM	1002	120
Mapco	498	491	223	178
Marion Laboratories	79	32	40	150
Mark IV Industries	36	25	22	114, 128
Marriott	151	206	224	139, 168
Marsh & McLennan Cos	41	159	186	161
Marsh Supermarkets	665	139	259	139
Marshall & Ilsley	385	402	335	94
Marshall Industries	184	520	795	114
Martin Marietta	201	NM	353	82
Masco	250	233	520	120
Masco Industries	474	56	27	90, 156
Mattel	1025	NM	288	168
Maxicare Health	962	NM	1003	150
Maxus Energy	**	**	**	178
May Dept Stores	368	337	275	188
Mayfair Super Markets	22	64	3	139
Maytag	88	180	459	126
MCA	696	650	472	168
McCormick & Co	359	623	358	144
McDermott Intl	972	NM	921	156, 178
McDonald's	145	305	208	139
McDonnell Douglas	559	516	616	82
McGraw-Hill	162	466	579	111
MCI Communications	916	NM	531	194
McKesson	603	518	418	150
MCorp	927	NM	1013	94
MDC Holdings	119	435	990	120
Mead	689	145	227	182, 184
Medco Containment	825	NM	597	188
Media General	612	651	132	111, 184
Medtronic	253	460	305	150
Mellon Bank	944	NM	951	94
Melville	143	340	249	188
Mercantile Bancorp	744	NM	557	94
Mercantile Stores	326	343	302	188
Merck	106	221	52	150
Meredith	307	496	574	111
Meridian Bancorp	449	436	281	94
Meritor Financial	986	NM	973	94
Merrill Lynch	613	504	858	136
Fred Meyer	167	122	**	139, 188
MGM/UA Commun	**	NM	**	168
Michigan Consolidated	**	NM	**	174
Michigan National	773	NM	94	94
Microsoft	6	18	**	158
Middle South Utils	686	678	684	132
Midlantic	277	434	437	94
Midwest Energy	597	532	508	132, 174
Herman Miller	157	264	728	158
Millipore	454	390	149	150, 158
Minn Mining & Mfg	217	470	540	118
Minnesota Power & Lt	345	455	323	132
Mitchell Energy	822	750	961	174, 178
MMR Holding	**	35	**	120
MNC Financial	464	283	109	94
Mobil	716	580	522	178, 188
Molex	45	318	730	114
Monarch Capital	480	153	614	161
Monsanto	772	NM	549	103
Montana Power	658	675	672	108, 132, 174
Moore Corp	477	475	412	158
JP Morgan & Co	489	723	220	94
Morgan Products Ltd	52	156	769	120
Morgan Stanley	**	NM	**	136
Morrison	509	616	346	139
Morrison-Knudsen	832	NM	606	120
Morton Thiokol	185	556	509	82, 103
Motorola	679	632	869	114, 194
Multimedia	441	NM	162	111
Munford	807	NM	831	139
Murphy Oil	930	NM	773	178
Nacco Industries	147	188	363	108, 156
Nalco Chemical	193	555	746	103
Nash Finch	569	442	72	139
Nashua	534	129	99	158
National City	412	494	197	94
Natl Convenience	609	NM	952	139
National Fuel Gas	544	562	209	174
National Intergroup	981	**	964	150
National Medical	485	677	815	150
Natl Semiconductor	957	NM	942	114
National Service	287	439	421	128, 158
National-Standard	949	NM	904	172
National Western Life	105	622	743	161
Navistar Intl	**	NM	966	90
NBD Bancorp	614	356	161	94
NCH Corp	704	408	168	103
NCNB	356	487	289	94
NCR	394	324	414	114
Neiman Marcus Group	**	**	**	188
New England Electric	293	511	628	132
NY State E&G	602	725	700	132
New York Times	127	184	309	111
Newell Co	301	291	50	126
Newmont Mining	848	NM	577	172
Niagara Mohawk Power	643	754	857	132, 174
Nicor	940	NM	682	174
NIKE	241	687	200	86
Nipsco Industries	862	NM	814	132, 174
NL Industries	1013	NM	979	103
Noland	787	320	401	120

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Company	Profitability	Growth	Stock market	Industry survey page
Nordstrom	215	174	76	188
Norfolk Southern	760	694	576	192
Nortek	727	NM	891	120
Northeast Savings FA	834	NM	861	94
Northeast Utilities	379	620	379	132
No States Power	360	540	369	132
Northern Telecom	213	196	863	194
Northern Trust	904	NM	196	94
Northrop	240	76	699	82
No'western Natl Life	741	89	337	161
Norton	935	NM	642	156
Norwest	856	NM	554	94
Noxell	113	230	264	126
Nucor	446	226	504	172
NWA	797	38	658	84
Nynex	507	464	214	194
Occidental Petroleum	847	653	761	103, 174, 178
Ogden	527	NM	329	158
Ogilvy Group	189	357	510	111
Ohio Casualty	676	321	488	161
Ohio Edison	445	537	499	132
Ohio Mattress	391	452	565	126
Oklahoma G&E	523	611	481	132
Old Kent Financial	231	270	206	94
Old Republic Intl	350	389	766	161
Olin	884	NM	502	103
Olsten	173	85	25	158
Omnicom Group	703	NM	**	111
Oneok	759	721	924	174
Orange & Rockland	522	577	541	132, 174
Orion Capital	966	NM	941	161
Orion Pictures	956	NM	772	168
Oshkosh Truck	46	37	928	82, 90
Outboard Marine	738	682	674	168
Owens & Minor	548	209	228	150
Owens-Corning	692	398	**	120
Oxford Industries	487	710	935	86
Paccar	636	205	604	90
PACE Membership	1015	NM	901	188
Pacific Enterprises	684	702	755	174, 188
Pacific G&E	561	676	670	132, 174
Pacific Resources	800	NM	627	178
Pacific Telesis	537	581	215	194
PacifiCorp	382	601	546	108, 132, 194
PaineWebber Group	494	662	936	136
Pall	115	323	503	82, 150
Pan Am	1037	NM	986	84
Panhandle Eastern	938	NM	**	174
Parker-Hannifin	581	367	712	82, 156
Penn Central	871	NM	659	118, 194
Penn Traffic	**	NM	**	139
JC Penney	587	474	325	188
Pennsylvania P&L	641	618	361	132
Pennwalt	806	NM	272	103
Pennzoil	801	748	221	178
Pentair	389	558	456	156, 184
People's Bank	**	**	**	94
Peoples Energy	381	489	229	174
Pep Boys	254	241	156	188
PepsiCo	146	138	77	100, 139, 144
Perini	913	NM	646	120
Perkin-Elmer	757	NM	895	82, 114
Perry Drug Stores	777	NM	934	188
Petrie Stores	323	564	713	188
Pfizer	161	319	485	150

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Phelps Dodge	963	NM	343	172
PHH Corp	276	550	808	158
Philadelphia Elec	623	679	587	132
Philip Morris Cos	80	186	122	100, 144
Philips Industries	117	148	203	120
Phillips Petroleum	752	751	378	178
Phillips-Van Heusen	511	210	600	86
PHM Corp	273	729	976	120, 136
Piedmont Natural Gas	483	498	323	174
Pilgrim's Pride	8	22	**	144
Pillsbury	341	447	75	139, 144
Pinnacle West	520	627	864	94, 132
Pioneer Hi-Bred Intl	321	588	768	144
Pitney Bowes	182	199	133	158
Pittston	990	NM	692	84, 108
PNC Financial	306	468	287	94
Polaroid	819	86	230	168
Pope & Talbot	680	NM	620	120, 184
Portland General	664	738	397	132
Potlatch	739	70	450	120, 184
Potomac Electric	294	313	248	132
PPG Industries	337	182	219	90, 120
Precision Castparts	123	51	19	82
Premark Intl	**	NM	**	126
Premier Bancorp	843	NM	984	94
Premier Industrial	187	428	331	114
Preston	850	747	873	192
Price Co	23	43	177	188
Prime Computer	366	471	790	114
Primerica	607	173	691	161, 188
Procter & Gamble	491	712	570	126
Progressive	55	59	174	161
Provident Life & Acc	512	403	516	161
PS Group	887	NM	555	178
PSI Holdings	34	716	673	132
Public Service Colo	573	585	729	132, 174
Public Service NH	941	NM	969	132
Public Service NM	645	674	957	132, 174
Pub Svc Enterprise	553	630	427	132, 174
Puget Sound P&L	728	397	605	132
Quaker Oats	178	120	65	144
Quaker State	794	NM	803	178
Quantum Chemical	713	147	59	103, 178
Questar	583	703	671	174
Ralston Purina	43	47	104	144
Ramada	907	383	830	168
Raychem	582	406	562	128
Raytheon	236	362	449	82, 118
Reebok International	1	1	139	86
Reliance Group	101	11	**	161
Republic New York	545	728	348	94
Rexene	**	**	**	103
Reynolds & Reynolds	309	193	780	114, 158
Reynolds Metals	934	NM	123	172
Richfood Holding	**	**	**	139
Riggs National	719	746	545	94
Rite Aid	120	288	458	188
RJR Nabisco	168	377	57	100, 144
RLC	769	612	820	192
Roadway Services	460	685	845	192
HH Robertson	980	NM	996	120
AH Robins	1039	NM	767	150
Rochester G&E	586	731	771	132, 174
Rochester Telephone	508	607	448	194
Rockwell Intl	165	256	696	82

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Rank

Company	Profitability	Growth	Stock market	Industry survey page
Rohm & Haas	314	281	435	103
Rohr Industries	214	528	558	82
Rollins	32	131	332	158
Rorer Group	121	307	278	150
Rose's Stores	349	519	866	188
Ross Stores	880	NM	944	188
Rubbermaid	148	190	147	126
Ruddick	549	543	376	139
Russell	308	271	297	86
Ryder System	297	329	657	192
Rykoff-Sexton	681	610	357	139
Ryland Group	93	75	593	120
Safeco	355	116	368	161
St Paul Cos	795	NM	584	161
Salomon	388	701	888	136
San Diego G&E	352	599	290	132
Santa Fe Southern	813	NM	**	192
Sara Lee	188	369	68	144
Savannah Foods	220	697	296	144
Savin	1031	**	1008	158
Scana	453	479	347	132, 174
SCEcorp	364	568	404	132
Schering-Plough	372	430	93	126, 150
Schlumberger	883	NM	905	178
A Schulman	209	225	49	103
Schultz Sav-O Stores	351	106	17	139
Charles Schwab	**	**	**	136
SCI Systems	290	152	848	114
Scientific-Atlanta	874	NM	883	194
Scott Paper	557	111	164	126, 184
Scotty's	693	670	840	188
EW Scripps	**	705	**	111
Seagate Technology	65	73	950	114
Seagram	633	352	476	100
Sears, Roebuck	574	463	735	161, 188
Seaway Food Town	781	628	154	139
Security Pacific	576	756	560	94
Selective Insurance	546	NM	473	161
Sequa	150	14	237	82
Service Corp Intl	396	232	463	126
Service Merchandise	810	NM	783	188
Shaklee	271	565	751	126
Shaw Industries	134	28	217	126
Shawmut National	402	431	533	94
Shearson Lehman	192	605	**	136
Sherwin-Williams	239	215	274	103, 188
Shoney's	180	292	**	139
Signet Banking	434	646	270	94
Skyline	799	289	884	90, 120
AO Smith	858	NM	822	90
Smith International	1023	NM	977	178
Smithfield Foods	318	61	4	144
SmithKline Beckman	76	437	517	150
Snap-on Tools	176	254	171	90
Society	499	327	199	94
Sonat	897	NM	852	174
Sonoco Products	281	257	125	182
Soo Line	954	NM	842	192
South Carolina Natl	369	260	178	94
Southeast Banking	655	658	572	94
Southern Company	435	625	609	132
So N England Telecom	519	490	454	194
Southmark	245	554	987	136, 161
SouthTrust	251	299	210	94
Southwest Airlines	654	688	907	84
Southwest Gas	456	421	460	94, 174
Southwestern Bell	533	533	243	194
Southwestern Pub Svc	206	578	580	132
Sovran Financial	267	328	525	94
Spiegel	227	36	**	188
Sprague Technologies	984	NM	**	114
Springs Industries	784	615	515	86, 126
SPS Technologies	788	10	355	82
SPX	535	604	625	90
Square D	348	432	697	128
Squibb	170	167	100	150
SSMC	**	NM	**	126
Std Commercial	624	499	226	100, 136
Standard Fedl Bank	**	NM	**	94
Standard Products	73	79	251	90
Standard Register	232	266	293	158
Standard Shares	565	461	340	111, 126, 182
Standex International	605	525	440	118
Stanhome	195	133	34	126
Stanley Works	406	279	536	126, 156
State Street Boston	197	368	58	94
Statesman Group	894	NM	930	161
Sterling Chemicals	**	**	**	103
Stewart & Stevenson	943	NM	134	156
Stone Container	712	NM	204	182, 184
Storage Technology	1036	NM	1004	114
Strawbridge	403	277	236	188
Student Loan	42	101	70	136
Subaru of America	62	NM	956	90
Sun Company	770	665	900	178
Sun Microsystems	17	4	**	114
Sundstrand	732	690	764	82, 156
SunTrust Banks	295	312	734	94
Super Food Services	334	146	242	139
Super Rite Foods	218	567	548	139
Super Valu Stores	169	456	492	139
Sysco	292	384	307	139
Talley Industries	881	NM	471	82, 156
Talman Home Federal	**	**	**	94
Tambrands	64	363	266	126
Tandem Computers	570	175	833	114
Tandy	128	603	796	188
TBC Corp	312	275	119	90
TCF Financial	**	NM	**	94
TECO Energy	459	469	334	132
Tecumseh Products	500	476	416	156
Tektronix	749	691	939	114
Tele-Communications	792	636	53	111, 168
Teledyne	141	236	276	82, 118, 161
Temple-Inland	622	181	375	120, 182
Tenneco	905	NM	677	118, 174
Tesoro Petroleum	1006	NM	865	178
Texaco	952	NM	621	178
Texas Air	1033	NM	238	84
Texas American Bcshs	978	NM	1014	94
Texas Eastern	808	753	825	174
Texas Industries	791	NM	763	120, 172
Texas Instruments	896	NM	882	82, 114
Texas Utilities	418	559	640	132
Textron	604	118	551	82, 118
Thomas & Betts	317	354	639	114
Thorn Apple Valley	933	NM	809	144
TIE/Communications	969	NM	1010	194
Tiger International	1038	NM	235	84
Time Inc	156	128	179	111

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	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Times Mirror	111	218	380	111
Timken	950	NM	828	156, 172
Todd Shipyards	997	NM	1005	82, 156
Torchmark	230	135	97	161
Toro	496	98	120	126
Tosco	**	NM	917	178
Toys "R" Us	154	172	198	188
Transamerica	649	407	770	161
Transco Energy	805	NM	853	174
Travelers	724	561	731	161
Triangle Industries	1007	NM	965	182
Tribune	325	62	140	111
Trinity Industries	917	NM	647	120, 192
Trinova	467	60	273	156
Trustcorp	580	514	686	94
TRW	490	NM	756	82, 90
Tucson Electric	229	485	594	132
Turner Broadcasting	**	NM	645	111, 168
Turner Corp	702	NM	841	120
TW Services	634	12	**	139
20th Century Inds	95	107	241	161
Tyco Laboratories	284	467	21	120
Tyler	683	575	963	103, 114, 120
Tyson Foods	63	48	6	144
UAL	811	NM	114	84
UGI	900	NM	457	103, 174
UNC	992	NM	511	82
Union Bank	735	179	349	94
Union Camp	656	515	680	182, 184
Union Carbide	706	NM	656	103
Union Electric	461	602	311	132
Union Pacific	830	NM	651	178, 192
Union Texas Petrol	647	NM	**	178
Unisys	771	NM	494	114
United Artists	505	717	23	111, 168
United Banks of Colo	767	NM	874	94
United Brands	551	366	88	144
United Financial	1022	NM	1015	94
United HealthCare	24	NM	706	150
United Illuminating	710	NM	669	132
United Jersey Banks	376	290	518	94
United Merchants	996	NM	989	86
US Bancorp	608	446	362	94
US Healthcare	35	165	523	150
US Home	999	NM	999	120
US Shoe	611	713	649	86, 188
United Stationers	199	310	406	158
United Technologies	678	727	747	82, 120
United Telecom	814	NM	294	194
Univar	592	706	**	103
Universal	238	388	365	100, 136
Universal Foods	503	600	216	144
Universal Health	742	752	920	150
Unocal	688	734	705	178
UNUM Corp	**	NM	**	161
Upjohn	269	231	80	150
US West	524	539	247	194
USAir Group	517	506	740	84
USF&G	746	NM	723	161
USG	109	65	**	120
Uslico	470	481	498	161
USLife	786	NM	662	161
UST Inc	56	255	341	100
USX	983	NM	838	172, 178
Utah Power & Light	674	649	613	132

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
UtiliCorp United	265	457	252	132, 174
Valero Energy	960	NM	981	174, 178
Valhi	30	393	190	178
Valley National	750	NM	724	94
Valmont Industries	661	NM	399	172, 188
Valspar	172	246	106	103
Varian Associates	793	NM	953	114
Varity Corp	**	NM	911	90, 156
VF	74	379	304	86
Viacom	**	**	**	111
Village Super Market	504	87	15	139
Vista Chemical	204	NM	**	103
Volt Info Sciences	846	NM	940	158
Vons Cos	**	**	**	139
Vulcan Materials	329	222	160	103, 120
VWR Corp	**	151	**	158
Wal-Mart Stores	38	88	78	188
Walgreen	155	336	442	188
Wang Laboratories	758	NM	991	114
Warner Commun	870	NM	144	168
Warner-Lambert	386	NM	142	150
Washington Gas Light	514	531	431	174
Washington Mutual	555	NM	121	94
Washington National	878	NM	714	161
Washington Post	58	119	113	111
Waste Management	166	140	67	158
Weis Markets	222	374	342	139
Wells Fargo	659	722	64	94
Wendy's Intl	599	NM	916	139
West Point-Pepperell	709	643	424	86, 126
Western Digital	353	NM	608	114
Western Publishing	11	103	**	111
Western S&L	7	82	938	94
Western Union	1030	NM	1009	194
Westinghouse	263	268	322	82, 128
Westmoreland Coal	973	NM	929	108
Westvaco	657	285	469	184
Wetterau	331	380	128	139
Weyerhaeuser	779	164	738	120, 184
Wheeling-Pittsburgh	1028	NM	937	172
Whirlpool	320	513	777	126
Whittaker	751	NM	191	103, 156
Wickes Cos	796	732	970	90, 188
Wicor	628	509	294	174
Willamette Inds	444	16	280	120, 184
Williams Cos	922	NM	721	174
Wilson Foods	1020	NM	445	144
Winn-Dixie Stores	259	593	563	139
Winnebago Industries	270	296	898	90
Wisconsin Energy	367	482	256	132
Wisconsin Public Svc	409	529	405	132, 174
Witco	371	373	528	103
FW Woolworth	420	195	90	188
Worthington Inds	202	235	402	172
WPL Holdings	365	569	428	132
Wm Wrigley Jr	208	265	36	144
Wyman-Gordon	864	NM	945	82
Wyse Technology	15	8	638	114
Xerox	761	591	719	158, 161
Yellow Freight Sys	258	137	552	192
York International	**	NM	**	120
Zayre	255	234	389	188
Zenith Electronics	877	NM	948	114, 126
Zenith National Insur	384	501	675	161
Zurn Industries	715	584	292	156

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked.

Taxing Matters

Edited by Laura Saunders

Early returns on the 1986 corporate tax changes: Aerospace and construction were clobbered; meatpackers, furniture makers and drug companies fared very well.

Who got reformed?

Chas. B. Slackman

"I PAY MORE TAXES THAN GE!" said the protesters' signs a few years back. Congress responded with a tax "reform" that included a substantial corporate tax increase. Tax changes included a small cut in corporate rates coupled with a large cut in corporate tax breaks. The combined effect was to increase corporate tax collections in 1987 to $83.9 billion, or $7 billion more than they would have been under the old law.

But not all industries fared equally badly, a new study confirms. Compiled by Tax Analysts, the Arlington, Va.-based publisher of the industry weekly *Tax Notes*, it gives effective corporate tax rates for 1,000 large U.S. firms for 1987. *(For methodology, see box, p. 298.)*

The study shows that publicly owned corporations paid 24.7% of the income reported to shareholders as taxes, up 3.2 percentage points from 1986. "Overall, tax reform is making firms pay a higher percentage of their income in taxes," says Tax Analysts counsel Mark Starcher, who conducted the study. "That's wrong, because it simply hides the taxes ultimately borne by people. But that's what Congress wanted."

What's interesting are the wide variations in the law's effect *(see table)*. Some industries got big tax increases, while for others the effective tax rate fell.

Among the losers were construction companies, whose average tax rate more than doubled, to 58.9%. They had relied heavily on the completed-contract method of accounting, which allowed them to defer taxes on partially completed projects,

Winners and losers

Some industries have seen their effective tax rates drop due to tax reform. But overall, the corporate burden has risen 3.2%.

Industry	Change in tax rate*	1987 effective rate	Industry	Change in tax rate*	1987 effective rate
construction	+33.1%	58.9%	oil & gas extraction	–10.1%	23.9%
aerospace	+21.1	36.7	meat products	–7.7	30.0
petroleum refining	+19.7	24.9	metals-primary	–7.5	11.7
transport-railroads	+11.4	23.9	apparel	–7.0	34.8
lumber	+10.8	29.2	furniture	–5.7	33.6
rubber	+9.8	21.9	tobacco	–5.0	33.1
measuring instrs	+9.2	29.6	stone, clay, glass	–4.4	27.0
chemicals-misc	+8.4	32.7	retail drug stores	–4.3	34.7
publishing	+8.4	36.2	drugs	–3.8	22.1
beverages	+8.2	31.4	banking	–2.6	23.6
US industry average	+3.2%	24.7%			

*Change in effective tax rate, in percentage points. (An increase from a 10% rate to a 15% rate would be shown as +5%.)

Source: Tax Analysts.

and on installment sales provisions that allowed them to defer taxes when property was sold on credit. Both of those tax breaks were curtailed. Aerospace companies were also big users of the long-term contract deferrals and saw their average rate go from 15.6% to 36.7%. And there's more bad news to come for both groups, because the long-term contract rules were tightened further in 1987 and again in 1988.

Other sorely missed benefits are the 10% investment tax credit and artificially short depreciable lives for property and equipment. No wonder, then, that the hardest-hit industries include capital-intensive ones, like rubber, petroleum refining and rail transportation.

The winners tended to be industries that are more labor-intensive or that didn't lose their special breaks: meatpacking, apparel and furniture. One apparent winner—primary metals—had a falling tax rate, in part because so many rebounding steel companies were using loss carryforwards from earlier years. But that doesn't mean the steel companies got any bonanza from the 1986 law.

Two industries that emerged from that law unscathed were drugs and insurance. Both are big, powerful and profitable, and each saw its rate drop slightly after tax reform.

With drug companies, the overall industry rate was 22.1% in 1987, down 3.8 percentage points from a year earlier. The key is the so-called possessions tax credit. It allows firms to take a tax holiday by running up research expenses in the U.S. while ascribing profits to pill-manufacturing operations in Puerto Rico, where tax rates are low for such sought-after employers.

Stock insurance companies keep their taxes low—only 14% in 1987—by claiming large reserves against future liabilities that are far distant (for life companies) or unpredictable (for property and casualty companies). In the last few years Congress has, in exasperation, turned to setting dollar targets for the industry to contribute to federal coffers. It will probably attack the issue again this year. But if the past is any guide, the rates will stay low.—L.S.

One company's taxes

How much did General Motors pay in federal taxes last year? Tax Analysts, an Arlington, Va. research group, figures GM had a negative federal tax burden of $1.9 billion on U.S. profits of $307 million, for an effective rate of minus 633%. A rival corporate-tax watcher, the Nader-backed Citizens for Tax Justice, says GM qualified for a $742 million refund, on profits of $2.4 billion, for a tax rate of minus 31%. GM itself says it paid $73 million in 1987.

Calculating effective corporate tax rates is a messy business. Messy, but politically important. Congress toughened corporate minimum taxes in 1986 because companies like General Electric and General Dynamics weren't paying some people's idea of a "fair" share.

But tax burdens are as much a matter of interpretation as of accounting facts. Consider a bank that accepts lower returns on municipal bonds because they are tax-exempt. In economic terms the bank is paying an indirect tax equal to the interest it forgoes. But it doesn't send a check to the IRS for the amount, which leaves banks open to the charge that they use "loopholes." And what about a company that loses $1 billion in 1986 and makes $1 billion in 1987? Logically, it shouldn't owe tax for a biennium in which it broke even, but in the Tax Analysts formula, it would show up as enjoying a zero tax rate in 1987. Forrest Marovelli, an accounting manager who compiled the numbers for Tax Analysts, says it is, in practice, almost impossible to trace loss carryforwards from year to year.

Confusion is compounded by the fact that corporations don't release their tax returns. They do, however, publish tantalizing details about their tax bills in footnotes to the income statement. From these footnotes it is possible to make intelligent guesses about actual taxes paid. Tax Analysts also got help from some unpublished GM data.

What can an outsider do? For starters, you can ignore the "provision for income taxes" that appears on the income statement. That number bears little relation to the size of the check sent to the IRS. For one thing, it includes state and foreign income taxes. For another, it includes money set aside for taxes that will be due in later years but that relate to profits made this year. For example, if GM takes fast depreciation on its tax return, it will lower its tax payments this year but have less depreciation—and therefore higher taxes—in a later year. GM handles this situation by reporting in its provision for income taxes the amount it pays immediately plus an additional sum for "deferred" taxes. The deferred taxes don't get sent to Washington right away. They are tucked away in a reserve.

Now turn to the footnotes. General Motors reports that its "current" federal tax for 1987 was minus $1.3 billion, meaning it got the equivalent of a refund for that amount. This figure does not include any of the reserves for deferred taxes. For a variety of complex reasons, it doesn't necessarily equal the bottom line on GM's tax return, but it comes closer than the "provision for income taxes" number in the income statement.

The "current" figure seems like a good one to use for true taxes paid, but different groups using the same footnotes come up with different numbers for effective tax rates. One reason is the GM finance subsidiary that finances cars. Citizens for Tax Justice includes that subsidiary's results in its tax numbers. Tax Analysts does not. General Motors' annual report does not, although GM did file a consolidated return with the finance sub. Thus, the $1.3 billion "refund" probably appears nowhere on GM's tax return, on which the car operations and the finance sub are lumped together.

Why doesn't Tax Analysts report GM's tax burden as minus $1.3 billion, the figure in the footnotes? Like the very matter of deferral itself, this issue relates to timing. In essence, there were some tax savings that could reasonably be assigned either to tax year 1987 or to an earlier year. Assign them to an earlier year and the tax burden in that earlier year looks lower. Assign them to 1987 and the tax burden in 1987 looks lower. Tax Analysts assigned them to 1987, thereby making 1987's effective "refund" larger.

And what is the $73 million figure that GM reports as its true tax burden for 1987? The company refuses to say just what the number represents or how it was calculated.—L.S.